Daily Report

Latin America

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Cuba

Basic Industry Minister's Activities

Tours Nickel Plant

PA0201230296 Havana Radio Rebelde Network in Spanish 1255 GMT 1 Jan 96

[Report by correspondent Aroldo Garcia; from the "Doing Radio" program]

[FBIS Translated Text] We send a thank you to all the comrades who are making this first 1996 broadcast of our beloved "Doing Radio" program possible. The 37th Anniversary of the Triumph of the Revolution mobile station has been traveling nationwide. We are northeast of Holguin with Ricky Balseo and Diego Suarez, with whom we welcomed in the New Year, and we are in Mayari municipality now.

I want to report that Marcos Portal Leon, basic industry minister and member of the Council of State, brought in the new year with Holguin's nickel workers. He celebrated with workers of the Che Guevara plant at midnight. In the afternoon, Portal toured the Nicaro nickel plant, the [name indistinct] plant, and the Felton electricity plant, accompanied by Holguin's president (Alexis Mejia Comadron), and Carlos Gonzalez Figueredo, first secretary of the party in Mayari municipality.

Later, during the evening and night, Portal toured the Pedro Soto Alva plant, support enterprises, and the Ernesto Guevara de la Serna plant.

I want to point out that Marcos Portal spoke to "Doing Radio," and I will let you hear a brief excerpt:

[Begin Portal recording] The nickel sector is getting ready to receive important investments. The Pedro Soto Alva plant will be expanded, [words indistinct] modernized, and work to build a new nickel and cobalt plant is under way. Thus, this new industry will have a nickel and cobalt refinery in Cuba and will take advantage of the large deposits in Pinares de Mayari. I believe that this is one of the most important things.

Also, we were able to observe the first generator unit made in Czechoslovakia [as heard] during our visit to the new Felton plant. We spoke with Cuban workers, technicians, and the Czech specialist that accompanies us. The investment will be made in coming months, as the system is being coordinated. Technicians and workers have been instructed not to rush the start-up of the generator, which is very large, and will become the second largest in Cuba with a 250-megawatt production. Therefore, it is essential to start up with precision and quality. [end recording]

These were the words of comrade Basic Industry Minister Marcos Portal Leon on his tour in Holguin Province.

This broadcast was possible thanks to our comrades at Mayari Radio, and Alejandro Marmol, in the Radio Rebelde studio. I want to highlight what took place in Mayari, where the revolutionary people celebrated on the streets with floats, music, and family fun. I am sure that this also happened in many other locations nationwide, because optimism is everywhere. We are here from the first day of the year and will continue to be together every day at "Doing Radio."

Urges Technicians Not To Rush

PA0301023796 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Jan 96

[FBIS Translated Text] On 31 December, Basic Industry Minister Marcos Portal toured the nickel plants in Moa and Niquero, as well as the Felton Electric Plant in Mayari to personally relay to the workers the recognition of the top national leadership for their accomplishments in 1995.

[Being Portal recording] In the nickel region, significant investments are planned to expand the Pedro Soto Alba plant, and to modernize and expand others, as well as to begin construction of a new nickel and cobalt factory. This new factory would include a cobalt refinery to take advantage of the large cobalt deposits in Pinares de Mayari. [end recording]

Regarding the start of operations at the Felton Plant, Minister Marcos Portal added that the date is near.

[Begin Portal recording] The technicians have been instructed not to rush things. It is a very complex operation — the second largest in Cuba — with an output of 250 megawatts. The most important thing is the quality of the effort in order to ensure the future of electric generation at this facility. [end recording]

Improving Radio, TV Signals Goal of Communications Sector

PA0301025496 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] One of the communications sector's challenges for 1996 is improving radio and television signals following the creation in 1995 of the enterprise charged with guaranteeing these signals.

Guantanamo is one of the main target areas in the effort to improve radio and television signals from the onset of the program to eliminate the so-called silence

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zones. Holguin and Santiago de Cuba, for example, are included in the investment program aimed at improving television broadcasts that are significantly impaired due to the deterioration of the equipment.

Tower and transmitter workers were vital in ensuring the broadcasts, despite the limitations experienced throughout the year.

Another event that contributed to setting communications on the right path was the Fifth Communications Workers Congress, which set guidelines for the future for its members.

In 1996, the Communications Union will mark its 25th anniversary, and its main goal is to contribute to the recovery of the sector with high efficiency in services for the people.

Construction on Las Tunas Water Purification Plant Begins

PA0301030496 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Construction workers in Las Tunas will mark the city's bicentennial with the breaking of ground for the water purification plant, which will it make possible to increase the water supply from 300 liters per second to 1,100 liters, 24 hours a day. This brings Las Tunas closer to the standard for a city with 183,000 people and with a daily consumption of 400 liters per day. The new project will cost 8.2 million pesos, including 2,500 in hard currency [figures as heard].

The project will take two and a half years to finish and includes installing 11.7 km of pipes and the rest of the tasks for the general program to improve water and sewage services. When the project is completed, the people of Las Tunas City will receive the water through three pipelines, a new pipeline from El Rincon reservoir, in addition to the current ones of La Tana and Cayo.

Health Minister Explains 1995 Low Infant Mortality Rate

PA0301172496 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] This is the second time Cuba has registered the lowest infant mortality rate ever, which has been less than 10 per 1,000 live births for the third consecutive year:

[Begin recording] [Public Health Minister Carlos Dotres] It is very important to note that Cuba registered an infant mortality rate of 9.4 deaths per 1,000 live births during 1995 despite the special period, despite the blockade, and thanks to the political resolve, the favorable situation from the social and cultural point of view, the strong health system we have, all the infant-maternal work in general that has been accomplished, and the permanent dedication of health workers.

[Unidentified reporter] What about the maternal mortality rate?

[Dotres] This rate has also dropped, from 4.3 out of 10,000 to 3.3 out of 10,000 this year; in other words, all infant-maternal program indicators improved in 1995. This places Cuba in the number 24 position out of 150 countries in the world and within the ranks of developed countries and quite a distance from Third World countries.

[Reporter] What provinces have infant mortality rates above 10?

[Dotres] There are four provinces with infant mortality rates above 10: Granma, Guantanamo, Pinar del Rio, and Santiago de Cuba. Cienfuegos Province, which has had a rate below 10 for six consecutive years, reported a rate of 6.5 for 1995, which is certainly the country's lowest.

[Reporter] What does the Public Health Ministry plan to do in 1996 to maintain this low infant and maternal mortality rate?

[Dotres] We plan to continue improving the quality of life for women, babies, and the people. We have made it our goal, as we have said before, to continue moving ahead, to halt health system deterioration, and to improve the people's quality of life, despite the material difficulties. We will utilize the investment the revolution has made in human resources, despite these material deficiencies, to continue advancing with more revolution and more socialism. [end recording]

Union of Young Communists To Hold Meetings in 1996

PA0301165596 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Jan 96

[Report by Marianela Samper from the "Evening Information Review" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] The year 1996 is just beginning, and just as the year started, Cuban youths began showing their drive in the various production sectors and are preparing for a hectic international agenda. On the domestic front, they will continue to meet with history in their patriotic work:

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[Rogelio Polanco, Union of Young Communists, UJC, international relations chief] "This year, we are marking the centennial of the death in combat of Antonio Maceo, who was one of the generals of our war of independence. He conducted combative and political actions that were very significant for the Cuban nation. I believe it is important for us to continue with this line of thought so as to consolidate the knowledge Cuban youths have about our national history."

This was Rogelio Polanco, UJC international relations chief.

[Polanco] "This is also the year in which we will continue to hold significant debates on the national reality of such sectors as tourism, scientific research, agriculture, and the sugar industry. These sectors will continue to be a significant part of the definite recovery of the Cuban economy in 1996. It also will be the year in which we will start preparing for the international youths and students festival. As everybody knows, [words indistinct] our country's willingness in the special period and under a blockade. Cuba is generous enough and willing to welcome here and in other countries the youths of the world to enable them to meet again as they did at those festivals in which they discussed and pondered the world in which we live and the actions they must take."

The international tasks are headed by significant actions of consensus to achieve the necessary broadness in political forces and youth organizations with a view to the large meeting the new generation will hold in 1997. Various meetings with similar organizations in Latin America, the Caribbean, Europe, the Middle East, and Asia are also expected in the year that is just beginning. A meeting among Cuban and U.S. youths will be held in July, thus materializing one of the agreements of the Cuba Lives Festival the island held last summer.

[Polanco] "The fact that a larger number of more enthusiastic delegations of youths from the country that is blockading us, the country that is carrying out many hostile actions to make us kneel and to defeat us, will come is very significant. We expect to hold these types of meetings in Santiago de Cuba and Guantanamo Provinces, in eastern Cuba, this year to thoroughly examine those issues and matters pertaining to the youths of the two countries. We will get to know one another better. I believe it is important for the two peoples to know one another, to be aware of what the U.S. Government is doing against the Cuban people, and to be aware that there are youths and many people in this society who oppose these hostile actions and who want to maintain normal relations with their neighbor."

For several years, the Cuban youths have been reenacting the trip the boat Granma made from [word indistinct], Mexico, to La Colorada, in eastern Cuba. The 40th anniversary of that action Fidel headed is being marked in 1996; therefore, a large number of youths will know the places in the Central American nation that were used to prepare for this action [sentence as heard]. This event will end with a youth friendship festival between the two countries.

If the solidarity with Cuba has been large in all these years, the relations with countries that have promoted them are even larger; thus, delegations of the best of the new Cuban generation are committed to be present. They also will materialize other youth projects with South Africa, India, Vietnam, Australia, and New Zealand. The meetings among international organizations of which Cuba is a member—that is, the World Democratic Youths Federation and the Ibero-American Youths Organization, which will hold a ministerial conference in Argentina—could not be missing from this working agenda.

The Cuban youths have a slogan nowadays that states: I will not stop. This is precisely why they will not stop, because the solidarity with this island has not stopped either.

UJC Publishing House To Bring Back 5 Magazines

PA0201230196 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 29 Dec 95

[From the "NTV" newscast]

[FBIS translated Text] Following a substantial reduction in the number of publications during the last five years, the Abril Publishing House of the Union of Young Communists [UJC] has announced a comeback, which is very welcomed by readers.

Fernando Flojas, director of Abril Publishing House, called us — without great fanfare, but sure of a strong beginning — to offer good news: Five of Abril's most popular magazines will be published systematically during 1996. Thereby, Zunzun, Somos Jovenes, and Juventud Tecnica will circulate nationwide every two months, and Caiman Barbudo and Alma Mater will appear every three months.

[Begin Flojas recording] The main difference is that on this occasion the estate is providing resources to produce the magazines edited by the publishing house. [end recording]

Alma Mater will receive the financial support of the Higher Education Ministry, and the Culture Ministry will aid Caiman Barbudo. Abril publishing house reduced its payroll due to the circumstances of the special

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period, but, following its comeback, Abril will keep a minimum of workers to ensure efficiency. In addition, Abril Publishing House expects to continue publishing books and pocket books in 1996.

Roundup of Economic Developments Through 2 Jan

PA0201233596

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 2 January.

UNICEF representatives in Cuba report that the agency has donated $600,000 for improving the potable water system in the country. (Havana Radio Havana Cuba in Spanish 0000 GMT 15 Dec 95)

Canadian churches have donated 3,000 metric tons of wheat, which are expected to arrive in Cuba next year. (Havana Radio Havana Cuba in Spanish 0000 GMT 15 Dec 95)

Santiago de Cuba commemorates the 37th anniversary of the revolution with the completion of nearly 4,000 new economic and social works, which include national centers for toxicology and electromagnetism, three potable water systems, and 3,300 homes, all of which constitutes a record in the special period in times of peace. (Havana Radio Rebelde Network in Spanish 1800 GMT 26 Dec 95)

According to a PRENSA LATINA dispatch datelined Havana, Luo Lien Cheng, economic adviser of the PRC Embassy in Havana, reports that trade between the two countries in 1995 will probably exceed $300 million and that, starting in 1996, this trade will be governed by a new agreement. Economic cooperation between PRC and Cuba includes the work of 16 aquaculture experts who in a single year succeeded in raising the survival rate of fry to 50 percent; 10 more experts will soon arrive to serve as advisers on the intensive farming of freshwater fish, goat raising, and construction of small hydroelectric plants. Cooperation also includes the construction of a fan-manufacturing plant in Villa Clara, which will turn out 100,000 fans annually, as well as investment in a bycicle manufacturing plant, currently under construction. (Havana PRENSA LATINA in Spanish 0150 GMT 27 Dec 95)

Some of the works in the biotechnology and pharmaceutical industry achieved in 1995 include the recently opened isotope plant and the insulin plant, the operation of which will be under way in mid-1996 to meet the people's demand for insulin bubble and dental anesthesia cartridges, as well as the plant to manufacture collyrium bulbs, aerosol, and distilled water for injections. These constitute significant achievements in the biotechnology industry. Meanwhile, the construction and repair of homes constituted priorities for the construction sector in 1995. Of an annual goal of 27,000 homes, 28,000 had been built by November. As for home repairs, the number of repairs was adequate. However, these repairs were not necessarily effective. Mario Cabello, National Housing Institute president, stressed that only 15 percent of planned repairs were done. In practical terms, he said, we were not efficient in the use of materials to repair homes. In 1996, the goal is to build 50,000 houses, including traditional, low-cost, and self-made houses. Of this amount, 70 percent will be built in agricultural areas in an effort to guarantee that the labor force will remain in this sector and improve its living conditions in the countryside. More than 160,000 (number as heard) prefabricated concrete plants will be changed into factories (combinados) to manufacture such household items as panels, sinks, toilets, blocks, beams, and others. In addition, 10,000 houses will be built in Havana City. Furthermore, the mini-brigade movement completed the construction of 132 buildings, which had been halted due to the special period. In 1996, this mini-brigade will build more than 2,300 houses and will eliminate 20 fortresses (ciudadelas). In addition, in salvaging equipment, it saved 1.2 million pesos and finished 15 health works and 52 education works. Furthermore, 19 main thoroughfares were repaired in Havana in 1995. Similar work was being done throughout the country. (Havana Radio Rebelde Network in Spanish 1255 GMT 28 Dec 95)

Several Mexican companies have planned to invest more than $1 billion in Cuba because of the measures luring foreign capital that the island has implemented. According to a report published in Mexican daily EL FINANCIERO, the investments the Mexican businessmen will make in the country will be in the telecommunications, tourism, construction, and manufacturing industries. (Havana Radio Havana Cuba in Spanish 0000 GMT 27 Dec 95)

Granma, Santiago de Cuba, and Matanzas Provinces have already met their sugarcane planting goals for the rainy season. Granma planted more than 500 caballerias of sugarcane while Santiago de Cuba planted 310 caballerias. Meanwhile, Matanzas planted 1,200 caballerias of sugarcane and 140 caballerias of potatoes for consumption. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 29 Dec 95)

Tobacco producers in Sancti Spiritus have surpassed their production goals for 1995. In November 1995, the production of processed tobacco leaves increased by 33 percent in comparison to 1994, while cigar production exceeded estimates by 90 percent. (Havana

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Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 29 Dec 95)

The Jose Merceron Alen cement plant has achieved its goal of 190,000 metric tons of cement for 1995, despite the lack of spare parts. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 30 Dec 95)

Two municipalities in Guantanamo Province have met their coffee harvest goal. This province is about to reach 95 percent of its goal for this coffee harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 30 Dec 95)

After one year of hard work, the Conrado Pina tire factory increased its production to 15 million pesos, thus doubling its production for 1994. This factory has produced 600,000 tires for bicycles as well as more than 25,000 tires for carts for the sugarcane harvest in 1995. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 30 Dec 95)

Granma Province, Cuba's main rice producer, has achieved a planting record of 258 caballerias since 21 November 1995. Granma expects to plant 2,347 caballerias during the rainy season and spring so as to reach a production of 53,000 metric tons of rice. Cuba expects to double its 1994 production to 165,000 metric tons in 1996. Annual rice consumption in this country amounts to 500,000 metric tons. (Havana Radio Rebelde Network in Spanish 1255 GMT 1 Jan 96)

Haiti

Aristide Calls For Peace in New Year's Message

PA0301233496 Port-au-Prince Radio Metropole in French 1145 GMT 3 Jan 96

[From "The Morning Newscast"]

[FBIS Translated Text] Returning to the news on the new year, we have a report on the visit of President Jean-Bertrand Aristide to Marchand-Dessalines. This city was the center of the first government of Haiti after the independence on 1 January 1804. In fact, his visit marked the 192d anniversary of the independence.

First, President Aristide received in his private residence in Tabarre the members of his private cabinet, the members of the government, and the diplomatic corps. Then, a ceremony took place in Titanyen, where the bodies of numerous victims of the Duvalierist repression and of the coup d'etat of September 1991, used to be thrown. It is in Marchand-Dessalines that President Aristide gave his New Year's message, a call for peace in this new year. He insisted on the notion of peace that must mark the New Year, 1996, in order to favor economic development and social progress. Let us listen to an excerpt from the statements made by President Aristide.

[Begin Aristide recording, in Creole] [Words indistinct] if next year at this time we could see that this dream of peace is realized throughout the year, would you be happy? On 7 February 1996, I will hand power over to our president-elect, President Preval to whom I wish a happy New Year on your behalf. I wish that — when he celebrates with you next year — you will feel that the dream President Aristide had, this dream of peace... [pauses] To each Haitian without distinction, including those who work in public administration, those who work in the private sector, those who work in the mountains, those who work in the cities, the Haitians who live abroad, the Haitians living here, I do not wish two or three things, I just wish that this peace be established completely. I am certain that once there is peace the work that has been done since 15 October 1994 will continue so there can be more food, more justice, less misery, and fewer problems in the country. I will end my message with this call for peace that I have been advocating since the beginning of this message. I have not come to make a long speech but I am certain that this is perhaps my most important message in 1996: That this peace that must be established in the country, not be just any peace, but a total and complete peace. [end recording]

This was a call for peace by President Aristide from Marchand-Dessalines.

Transition Committees To Ensure Smooth Transfer of Power

PA0301233596 Port-au-Prince Radio Metropole in French 1900 GMT 3 Jan 96

[FBIS Translated Text] Two committees in charge of the political transition from President Aristide's government to the government of the new president on 7 February were formed in Port-au-Prince. The two committees that include representatives of the outgoing president and those of the newly elected president will work jointly to ensure a smooth transfer of power. The first committee is presided over by Leslie Voltaire, chief of the private cabinet of President Aristide, and the second one is led by Chavannes Jean-Baptiste and Reynold Pauyo, who are members of the Lavalas Political Platform.

President Aristide Undergoes Minor Surgery on Right Eye

PA0301174996 Paris AFP in Spanish 1712 GMT 3 Jan 96

[FBIS Translated Text] Port-au-Prince, 3 Jan (AFP) — Haitian Presidency sources announced today that Pres-

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ident Jean Bertrand Aristide underwent minor surgery on his right eye the evening of 2 January.

According to sources close to the government who asked to remain unidentified, the surgery was necessary due to an obstruction in the tear duct of the chief of state's right eye. The surgery, which Fritz Allen, Aristide's personal doctor, performed, lasted approximately one hour.

Aristide, 42, remained for almost two hours at the Canape Vert Hospital, in Port-au-Prince, prior to returning to his private residence in Tabarr, which is near the Haitian capital and where he is resting today.

His presidential term ends 7 February. President-elect Rene Preval will succeed him.

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Tuna Exports Increase Despite U.S. Imposed Embargo

PA0401043496 Mexico City LA JORNADA in Spanish 3 Jan 96 p 39

[Report by correspondent Jorge Alberto Cornejo]

[FBIS Translated Text] Andres Armenta Gonzalez, president of Baja California State's National Chamber of the Fishing Industry, reported that the Mexican tuna fishing fleet caught 130,000 tonnes of tuna during 1995, of which 40,000 tonnes were exported despite the U.S.-imposed embargo.

According to Armenta, the 40,000 tonnes of tuna exports during 1995 represent a record amount following the imposition of an embargo decreed five years ago by the United States on Mexican tuna.

Armenta indicated that the diversification of tuna fishing, consisting mainly of the jack and bonito, two species that are not associated with the dolphin and are not included in the secondary embargo, have allowed the national fleet to increase its tuna export levels.

In spite of the significant drop in tuna fishing activity in the port of Ensenada following the embargo, when a good number of jobs were lost, some 15,000 tonnes of tuna were caught off Ensenada during 1995. The remaining 25,000 tonnes were caught off the ports of Manzanillo, Colima, and Mazatlan, Sinaloa State.

Armenta stated that domestic consumption of tuna has fallen by 35 percent compared to 1994. The decrease has been attributed to the economic crisis and workers' deteriorating purchasing power.

Judge Releases Detained El Barzon Movement Leaders

PA0301232696 Mexico City REFORMA in Spanish 29 Dec 95

[Report by Daniela Pastrana — received via Internet]

[FBIS Translated Text] After deliberating for 14 hours, Hans Eduardo Lopez Munoz, the fourth district judge of the eastern preventive detention center, dictated early this morning a temporary release under bail order for El Barzon Movement leaders Alfonso Ramirez Cuellar and Enrique Puebla Ramos.

The judge established bail at 1,005 new pesos each, plus one peso as a guarantee to repay possible damages. The amounts were immediately paid in cash and, thus, the detained men were released at approximately 0100 today.

El Barzon national leader Juan Jose Quirinos Salas stated: "We have proven that our companions are innocent. This has been proven in this process, which is full of irregularities. We believe that with this victory for El Barzon Movement we have managed to stop the offensive against us because the Alliance for Economic Recovery has failed."

Quirinos Salas reported that Archbishop Norberto Rivera Carrera will hold mass for El Barzon Movement at the Guadalupe Basilica at 1200 today. [passage indistinct]

Secretariat Welcomes Zapatist National Liberation Front

PA0301201296 Mexico City XEW Television Network in Spanish 0400 GMT 3 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Government Secretariat has welcomed the Zapatist National Liberation Front, and Government Under Secretary Arturo Nunez has said all decisions aimed at making the EZLN [Zapatist National Liberation Army] change into a civil force that will peacefully participate in the democratic reconstruction constitute a step toward legality:

[Begin Nunez recording] The EZLN will freely decide how to change from an armed force to a peaceful force and will determine whether it wants to become a political party, whether it wants to be a nongovernmental organization, or how it wants to rejoin civilian life. This declaration announcing it will become a front is a welcomed step forward. [end recording]

He has said the EZLN situation must be discussed during the talks between the federal government and the EZLN, which will resume on 10 January. Nunez has said it is necessary for the EZLN to stop being an armed force in order to reach the harmony and peace agreement stipulated in the Law for Conciliation and Dignified Peace in Chiapas.

The government under secretary has said they are working on a definite solution to the Chiapas conflict, adding that there is progress in the Indian rights and culture issues and that the issues pertaining to democracy, political participation, community development, and detente are still pending.

Zedillo Swears In Media Director, Energy Secretary

PA0401042096 Mexico City XEW Television Network in Spanish 0400 GMT 3 Jan 96

[From the "24 Hours" newscast; passages within quotation marks recorded; speakers identified by caption]

[FBIS Translated Text] On Tuesday, two of the five newly appointed secretaries were sworn in at Los

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Pinos Presidential Palace. Carlos Almada Lopez will be the presidency general media director and spokesman. President Ernesto Zedillo stressed the importance of the post of official spokesman, which formerly did not exist.

[Zedillo] "I gave him specific instructions to promote respect and precision in the relations between the authorities and the media at all times."

Carlos Almada has a PhD in Public Administration, is 45 years old, and has served in various posts in the past. He noted that the government and the media share common responsibilities in the handling of freedom of speech.

[Almada] "We cannot erode this freedom, allow the manipulation or distortion of reality, presume information is factual, or make it possible for rumors to spread and confuse or intimidate society and diminish its efforts."

Almada replaced Carlos Salomon, who was in charge of the presidency general media directorate for 13 months. President Zedillo referred to Salomon as follows:

[Zedillo] "I want to give credit and express my appreciation for Salomon's work and loyalty."

Salomon was convinced the decisions made by Zedillo in 1995 were appropriate, as the results demonstrated.

[Salomon] "The dark days of the crisis were left behind."

Zedillo swore in Jesus Reyes Heroles Gonzalez Garza as new energy secretary.

[Zedillo] "It is now possible to attract important resources for the development of the country's energy sector, thanks to the legal reforms adopted during the previous year."

Reyes spoke about his responsibilities.

[Reyes] "Mexico's energy sector has great potential. Our responsibility is to take advantage of these resources for the benefit of present and future generations."

Reyes replaced Ignacio Pichardo, who addressed the president as follows:

[Pichardo] "I regret that due to causes out of my control, as you mentioned, for personal reasons I will not be able to work closely with you and your great team."

Directors from Pemex [Mexican Petroleum], the Federal Electricity Commission and the Power Company, as well as union leaders were present at the ceremony.

On Wednesday, Arsenio Farell will be sworn in as secretary of the Comptroller General's Office; Carlos Salomon as lottery director; and Emilio Gamboa as Fonatur [National Tourism Fund] director.

Employers Confederation Head Assesses 1995 Developments

PA2912234095 Mexico City LA JORNADA in Spanish 21 Dec 95 p 37

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Although Mexico avoided a financial collapse there is yet no complete financial stability, interest rates are still too high; economic expectations have not yet been fulfilled; the financial system is very weak and the exchange and stock markets are "somewhat volatile." This caused an economic setback, a very serious social cost, and increased poverty, which affected 40 to 48 million Mexicans in the past years, said Carlos Abascal Carranza, leader of the Employers Confederation of the Mexican Republic (Coparmex).

In a news conference the employers' leader said that the country was affected by a lack of statesmen in the past years, in other words, of leaders who exercise power for the common good. Mexican leaders he added, have only focused on the application of social programs to win votes and secure the political support of social groups.

In assessing 1995, Abascal said that due to the developments "things will not be easy during 1996, because inflation will reach 28 percent, growth 2 percent, and the exchange rate will be between 8.9 and 9 pesos per dollar."

Coparmex, he pointed out, maintains that common Mexicans, the families, and society were the losers, because they are the ones who have made the biggest sacrifices and "now we must learn from the lessons of 1995 to ensure that we do not repeat the same mistakes."

He added that 1996 demands more shared responsibility and greater sacrifices by the government in order to advance toward a comprehensive reform of the state. "This is imperative to overcome the crisis, to achieve higher forms of justice and civility. This requires a government that is determined to establish the bases for a full democracy and economic recovery," he noted.

Abascal Carranza believes that the federal government has failed to give shape to the economic model; in 10 years it has not been able to build what the country requires, "a market economy model with social responsibility."

He said that 1995 was characterized by "a profound crisis, a marked economic recession, and the risk of a financial collapse. Fortunately, the country was able to avert this situation but this caused heavy social deterioration that generated unemployment, loss of purchasing power, increased crime and despair, and an

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intensification of the struggle for power among political groups."

Today's challenge "is to build a market economy model with social responsibility and participative democracy, and it would be childish to think that this change can take place without the resistance, violence, and unbounded ambitions of power groups. Thus, society must remain attentive in order to overcome such actions."

Abascal Carranza believes that in 1995 the inflationary spiral was avoided; that the trade balance was stabilized; that the adjustment of public finances generated a primary surplus, and that international financial commitments were met. In other words, "the structural deficiencies that led to the crisis facing us were corrected." Moreover, certain acceptable measures were adopted, but they were insufficient to attack the problem of overdue portfolios (such as the UDI, ADE, and ARE) [Investment Units, Agreement for Immediate Support to Bank Debtors, and Alliance for Economic Recovery], but we have not yet achieved complete financial stability and there is a certain volatility in the exchange and stock markets; interest rates are still too high for businesses; the financial system is still weak; and the increase in the VAT [Value-Added Tax] discouraged consumption and provoked an even deeper recession."

Private Sector Representatives on Economic Recovery

PA0401035996 Mexico City NOTIMEX in Spanish 1810 GMT 3 Jan 96

[FBIS Translated Text] Merida, 3 Jan (NOTIMEX) — Private sector representatives said today that Mexico will begin its economic recovery in 1996 as a result of government programs and unity among all productive sectors.

Businessmen from different states agreed that the objectives of the Alliance for Economic Recovery (ARE) will be fulfilled with the (?support) of President Ernesto Zedillo.

The ARE, signed by leading union and business leaders and government representatives in October, suggests a GDP growth of at least 3 percent for 1996.

In addition, it has predicted an inflation rate of 20.5 percent; fiscal incentives for investment; an increase in public utility rates; and an exchange rate of 7.7 pesos per dollar.

Jorge Torre Loria, president of the Yucatan Business Coordinating Board and president of the National Chamber of Commerce (Canaco) in that state, noted that the ARE will have a positive impact on the Mexican manufacturing sector and will promote the generation of jobs and investments thanks to the elimination of several taxes.

Torre Loria pointed out that all that is needed now is for agreements signed within the framework of the ARE "to be taken seriously and duly implemented for the sake of improving the Mexican economy."

Torre Loria indicated that the plans will be fulfilled in Yucatan because there is a budget that will enable the state to promote more profitable activities such as the maquila [assembly plant sector] sector, tourism, and construction.

Armando Villasenor Aguirre, president of the Guadalajara Group of the Mexican Institute of Financial Executives (IMEF), said that the economic sector is beginning to show "signs that point to the gradual solution to the economic crisis."

"The country's viability is backed by the presence of foreign companies and banks, which have not only stayed in Mexico, but have even adapted their investment and growth plans to the local market," he stressed.

In a statement to the press, he explained that the inflation indicators, interest rates, exchange rate, and the import and export levels are signs "that show the crisis is beginning to yield."

He believes that the public sector, the companies, and the workers should adopt "attitudes that combine flexibility, prudence, and efforts to guarantee the country's viability."

In Torreon, Coahuila, the local private sector stated its certitude that 1996 will be the year of economic recovery that will lead to an upsurge in industrial and commercial activities.

Rogerio Manjarrez Clenow, president of Canaco in Coahuila, stated that even though sales did not increase as much as in previous years, December was a good month for commercial activities.

He remarked that the first half of 1996 will be a difficult period, but if some of the plans drafted for La Laguna materialize, an economic balance might be reached.

Jesus Valero Hernandez, president of the Manufacturing Industry Association in Coahuila, said that the construction sector experienced a slight increase during the last quarter of 1995, as more resources were assigned for public works.

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SHCP Reports 'Considerable' Progress in Privatizations

PA0401042196 Mexico City XEW Television Network in Spanish 0400 GMT 3 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] A communique by the Finance and Public Credit Secretariat [SHCP] has reported that the privatization process of the parastate entities scheduled for privatization by the current administration will be completed during 1996 and part of 1997. The secretariat has reported considerable progress:

1. The privatization process on railroad matters is expected to conclude during the first six months of 1997.

2. As to the ports, SHCP reported that the port law regulations will be published shortly. In addition, the SHCP reported that nine requests for bids have been held to date, and six bids were won. There were no bidders for Lazaro Cardenas and Altamira, while the Manzanillo bid was canceled. The SHCP reported that the Lazaro Cardenas container terminal is expected to be put up for bid during January and February, as well as the port terminals of Ensenada, Acapulco, Puerta Vallarta, Manzanillo, Cabo San Lucas, Campeche, Mazatlan, and Guaymas.

3. With respect to airports, work has begun on the location of a new Mexico City airport. The SHCP reported that the first bidding requests will be published by mid-1996.

4. On telecommunications, it was reported work is under way on the new Mexican satellite industry regulations. The satellite and telegraph businesses of Telecommunications of Mexico, Telecomm, are also splitting up their administrative, legal, and accounting organizations. The SHCP reported that the possible merger of Telecomm's telegraph business and the Mexican postal service is under consideration. The communique stated that the regulatory and organizational plan of the Mexican satellite industry is also being studied.

The SHCP indicated that the bidding request for the use, development, and operation of radio space will be published during the first six months of 1996, and the privatization process is expected to conclude in August.

5. Regarding the petrochemical industry, it has been decided that petrochemical complexes be privatized, allowing for the sale of individual plants when deemed convenient. The SHCP reported that Pemex [Mexican Petroleum] will temporarily share in the common equity of the private companies acquiring secondary petrochemical plants. The secretariat reported that the bidding request for the Cosoleacaque petrochemical complex was published last month. It noted that bidding requirements will be issued in January, the bids will be received on 22 April, and the corresponding ruling will be issued on 26 April.

6. ANDSA: the bid for the privatization of the remaining 56 percent of the National Warehouses [Almacenes Nacionales de Depositos — ANDSA] will be announced soon. The bidding request and requirements will be published shortly.

'Dilemma' Seen for President Zedillo

96CA0082B Mexico City LA JORNADA in Spanish 8 Dec 95

[Commentary by Emilio Zebadua, member of Colegio de Mexico's Center for Historical Studies: "Technocrats Versus Dinosaurs"; received via Internet]

[FBIS Translated Text] The allegory could not have been better conceived, because in deciding to identify Luis Echeverria as the head of the group that opposed him and his agenda, Carlos Salinas has portrayed the battles among PRI members as a conflict between different models of development. "What is being decided is what agenda for the nation will prevail," Salinas wrote in a last-ditch effort to subsume individual blame in a dispute that would seem loftier in nature.

In any event, Ernesto Zedillo is trapped between two seemingly contradictory options, both of which, however, lack credibility in society: Echeverria's populism and Salinas's neoliberalism. Whatever decision Zedillo makes in dealing with a feud that is growing increasingly serious will determine the political course of his administration. If he chooses to do nothing, he will just the same have defined his position on the violent rifts that are rending the Mexican State.

It would be a simplistic description of the battle between technocrats and "dinosaurs" to say that the field of action is limited to the forces that back the Zedillo government and that had previously lent their support to Salinas. If we accept this explanation, then the neoliberal alliance that was formed during the previous presidential term would have to be rebuilt in order to prevent the politicians (and programs) associated with populism from returning (while keeping distance from the former president). By doing so, Zedillo would, consciously or not, be granting political protection to Carlos Salinas.

In the mythology of neoliberalism, the evils associated with State intervention came together during Luis Echeverria's regime. The government resorted to inflationary financing to expand its involvement in the economy. Government spending increased more than 20 per-

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cent in real terms in just one year. And as a result annual inflation rose from 5 percent in 1972 to 12 percent in 1973 and doubled the following year. The origins of the excessive foreign indebtedness that eventually led to the 1982 financial crisis also date back to this period.

Populism disrupted the dealings of big business leaders, who combined with reformist members of PRI and PAN free-marketeers to attack State involvement in the economy. The Salinas government successfully renegotiated the foreign debt and cut inflation from more than 150 to under 10 percent in six years. It privatized more than $60 billion worth of enterprises, which along with the deregulation of markets produced huge profits for multinational companies, Mexican monopolies, and international banks.

PRI's victory in the presidential elections seemed to assure the continuity of the neoliberal agenda. Nevertheless, the devaluation of the peso and, most importantly, President Zedillo's inability to chart his own course have put the model at risk. Reformist PRI members, PAN free-marketeers, the new bankers, Monterrey businessmen, and the other members of the dominant alliance would be prepared to support Salinas policies without Salinas, but the former president has arranged to make this seemingly impossible.

According to Carlos Salinas, without him power in Mexico would fall into the hands of Luis Echeverria. The technocrats would be devoured by the dinosaurs, and there would be a return to populism. Simplistic as this argument might seem, it presents a real dilemma for President Zedillo. It forces him to choose sides or, in the best of cases, to define his own position within Mexico's political system. This is something that to date he has been unable to do and seems unlikely to do.

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El Salvador

Defense Minister General Jaime Guzman Views

Reduction in Armed Forces

PA0401010596 El Salvador San Salvador Canal Doce Television in Spanish 1830 GMT 3 Jan 96

[From the "Up-to-Date Newscast"]

[FBIS Translated Text] The newly appointed Defense Minister General Jaime Guzman said the Defense Ministry's new policies include the possibility of downsizing the number of its members, as long as the other armies in the region agree to reduce their personnel.

[Begin Guzman recording] We believe a balance must be present in the region. We do not see any problem in downsizing the institution as long as the potential danger to the country is minimum. Moreover, El Salvador cannot be disarmed unilaterally. We have to work out a plan based on the review of potential threats. We believe the number of conscripts are the minimum required to fulfill the country's defense needs, which is the responsibility of the armed forces. [end recording]

Guzman added that one of the major challenges during his administration will be to modernize the institution in order to adapt it to the country's reality. Therefore, the armed forces will always be under civilian power.

1996 Defense Ministry Budget

PA0401013696 San Salvador Radio Cadena YSU in Spanish 1800 GMT 3 Jan 96

[Report by Ernesto Landos; from the "YSU Radio News" newscast]

[FBIS Translated Excerpt] President Armando Calderon Sol today swore in the new ministers of defense, employment, the presidency, and national administration for telecommunications.

Defense Minister General Jaime Guzman Morales expressed dissatisfaction with the budget assigned to the Defense Ministry and noted the armed forces are carrying out important duties of national security due to the National Civilian Police's inability to do so.

[Begin recording] [Guzman] The Defense Ministry's budget has not changed in approximately five years. We achieved a small increase to enable the leveling of the salaries this year. We have to consider inflation, the high cost of living, and the public services rates on the rise. Therefore, the present budget is the minimum required in order to function and not jeopardize the country's defense. The budget is small and not enough; nevertheless, we are in condition to comply with our mission.

At present, we are supporting the Guardianes Uno program, as our National Civilian Police is unable to ensure total security in rural and urban areas.

[Landos] With regard to the reduction of army personnel, Guzman Morales agreed with this decision as long as threats do not jeopardize the country's sovereignty.

[Guzman] There is that possibility. If the threats decrease, then the number of soldiers could be reduced. [end recording] [passage omitted]

BCR President Discusses 1996 Outlook

PA3112181795 San Salvador EL DIARIO DE HOY in Spanish 29 Dec 95 p 19

[Report by Ingrid Rodas]

[FBIS Translated Text] Roberto Orellana Milla, president of the Central Reserve Bank of El Salvador [BCR], said yesterday that 1996 government policies will be aimed at supporting the capacity of local enterprises to compete while also giving assurances that there will be no economic policy changes.

"Economic policies have been directed to obtain positive results in 1996 without encountering surprises," the official said.

The handling of economic variables in 1995 laid down the groundwork on which next year's economic activities will be developed, BCR President Roberto Orellana Milla told EL DIARIO DE HOY yesterday.

"We may assume that policies will be very stable because everything is very well defined," he said.

He said that clearly defined tariff and tax policies, among others, guarantee this stability.

"Tariff policies are defined. It has been said that there will be no tax increases, that there will be no significant changes to utility rates, and exchange rates will remain stable. In other words, it is not a year in which we can expect surprises because all the rules have been laid out," he said.

"Modernization and investment in human capital will be the cornerstone of the government's program during Calderon Sol's remaining term," he said.

One of the country's challenges for the next few years, he added, is the modernization of the state, which includes privatization, public investments, and an increase in the state's professionalism.

"From the point of view of competitiveness, the state has to be more effective in order that productive sectors can successfully join the globalization process. This implies

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total re-engineering throughout the government," he said.

Current Saving Without Much Investment

Orellana admitted that despite increases in current savings attained by the government during 1995, public investments did not meet expectations.

"It is true that investments have been low because this year they reached approximately 4 percent of the GDP and we should be a couple of points higher. This makes the efforts we should make at public administration level even more important," Orellana Milla believes.

In order to maintain growth levels of about 6 percent, he added, the government has to increase public sector investments.

General investments are needed both in the public and private sectors in order to be able to maintain levels of growth similar to those of the past four years, he said.

He said that some of the public sector's current investments should be made by the private sector in areas such as energy and telecommunications.

"If we remove these sectors from the government's current investments, we are at levels of about 2.5 percent of the GDP in investments, and we should be at the 6 percent level. In other words, the government has to make a very great effort," he said.

He said that the small investment has been the result of problems in executing investment projects, difficulties in complying with requirements established by international organizations, and delays in completing the paperwork and approval of credits.

Dollarization Project Affected the 1995 Economy

The BCR President admitted that the problems faced by the country's economy during the year were partly due to the announcement of the economy dollarization draft bill.

Recently, Association of Economic Science Professionals (COLPROCE) authorities explained that the increase in credit and the resulting higher inflation rate was due to the idea of dollarizing the economy, which the government announced at the beginning of 1995.

"The dollarization program announcement had a certain impact on credit growth, but by the end of 1994 the credit rate was growing at 35 percent. We can say that the announcement increased that rate from 35 to 40 percent, but the trend had already been set. In this regard, I partially share COLPROCE's opinion," he clarified.

Regarding credit growth restrictions starting from the year's third quarter, Orellana Milla clarified that the rate of expansion of this variable was cut back, but not the credit as such.

"It has been said that there is no credit available even for the productive sectors, and that is totally unjustified," he said.

He explained that during the first semester of 1995, banks and financial institutions granted credits in excess of their resources and during the second quarter the same banks and financial institutions had to cut back their credit growth, not reduce their credits.

During 1995, the main criticism to the government's handling of the economy was centered on the lack of clarity in policies, which caused uncertainty and insecurity among brokers.

The clarity expected in 1996, he said, will allow the government and the country's productive sectors to concentrate efforts in the country's economic development and macroeconomic stability.

"Regarding monetary policies, there is nothing special planned for next year because this is something being constantly defined, depending on the behavior of the economy," he said.

As situations of excess or shortage of liquidity or credit arise, he added, the BCR must compensate accordingly.

"For next year we are estimating a 20-percent credit growth based on a 15—percent deposit projection. The credit grows more because, on the other hand, the financial system will receive BMI [expansion unknown] credits, and its own capitals will increase," he added.

He reiterated that for 1996 inflation is expected to be between 7 to 9 percent and a U-percent GDP growth.

"We believe that next year's credit growth rate will be between 19 to 20 percent and that this year's credit problems will be corrected during 1996," he said.

Modernization Will Be Economy Policy's Cornerstone

Modernization, privatization, and human capital investment plans will be the aspects in which the government will place the most emphasis, Orellana Milla said.

The goal was to reduce the levels of growth from 40 to 30 percent, which will be the end-year figure. In order to reach this goal the banks and financial institutions had to halt or postpone approval of certain projects to be able to reduce their growth, which affected certain entrepreneurs.

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"Measures taken by the BCR have really been relatively few, they have not had great import, but have been necessary and logical measures. Furthermore, the banks themselves have had to take them. The overall financial system had to adjust its level of credit growth," he reiterated.

He said that during 1995 there was credit available from the Multisectorial Investment Bank for heavy investments.

"I can say for sure that every entrepreneur who has had an investment project in any sector whatsoever, be it tourism, farming, industry, and agriculture, has received Multisectorial Investment Bank financing," he said.

Programs for Reincorporation of Former Fighters Examined

PA0301041496 San Salvador LA PRENSA GRAFICA in Spanish 31 Dec 95 p 6A

[FBIS Translated Text] The programs for the reincorporation of former fighters into civilian life — which include scholarships for study, technical-vocational training, and agricultural credits — will have a total cost of over 3.630 billion colons, of which 533.6 million colons must still be obtained.

This amount includes the payment of indemnities to demobilized Armed Forces personnel and former security corps agents, who were discharged as a result of the Army's downsizing and the dismantling of its structures.

In addition, in the complementary agreements of December 1992, the special program to meet the needs of 600 senior and junior leaders of the FMLN [Farabundo Marti National Liberation Front] was negotiated.

Additionally, the Fund for War Crippled and Disabled from the conflict, as well as rural and urban settlement funds, were created; in compliance with both, according to the National Reconstruction Secretariat (SRN), as of last September 210.5 million colons and 2 million colons, respectively, were invested.

The program for the agricultural reincorporation of former fighters is intended to serve FMLN and FAES [Salvadoran Armed Force] demobilized members who wish to work in the countryside, offering them the opportunity to have access to lands, credits, technical assistance, training, and the supply of farm implements.

Later, the allotment of a basic ceiling for housing and latrines was earmarked for helping beneficiaries cultivate their farms.

In addition, a segment of those beneficiaries may opt for a permanent house, financed by the German Government, the international community, and the Program for Progressive Housing through the SRN and the UN Development Program (UNDP).

According to a report from the SRN on the fulfillment of the peace accords, as of 31 September land plots were assigned to approximately 38,000 beneficiaries, of which about 1,000 are pending land assignments. Approximately 727.2 million colons have been invested, and 38,096 people have benefited as of September.

The delivery of land includes the legalization of a land plot (of two to seven manzanas per person) for farming purposes; to that end, the government grants up to 30,000 colons in loans, at a 6-percent interest rate, a 30-year term, and a 4-year grace period. Independent tenants only receive 8,000 colons.

In addition, agricultural credits for 15,580 colons will be delivered; as of September loans were given to 21,424 persons, with 14,421 loans to be given. This disbursement totals 246.7 million colons.

Demobilized FMLN and FAES members can also involve themselves in agricultural training as well as obtain basic supplies and construction materials. The SRN has reportedly invested 266 million colons in this sector.

Regarding the industry and services, three projects are under way to facilitate the process for former fighters returning to production through the creation of micro enterprises. The projects include technical, vocational, and business administration training, credits for the establishment of micro enterprises, and technical assistance to the projects.

Demobilized FMLN and FAES members may also obtain scholarships for high school, technological, and university studies; they are paid living expenses equal to a minimum salary, transportation, school supplies, and education materials. Approximately 1,400 sholarships have been given at a cost of 118.2 million colons.

In addition, a program for the reincorporation of 600 FMLN senior and junior leaders into civilian life has been created in addition to another program for demobilized officers of the defunct National Police [PN]. For the first program 75.9 million colons have been awarded, while no figures were provided for the second program.

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FMLN Expresses Satisfaction With New Security Council

PA3112163295 San Salvador CO-LATINO in Spanish 29 Dec 95 p 8

[FBIS Translated Text] The Farabundo Marti National Liberation Front (FMLN) expressed its satisfaction with the creation of the National Civilian Police (PNC) Security Council, and at the same time rejected the 30 cents per gallon gasoline tax imposed by the San Salvador mayor's office as a measure aimed at solving the city's traffic problem.

In commenting on the candidate selected to head the PNC Security Council, Marta Valladares, FMLN legislator and deputy coordinator, bemoaned the fact that the person selected had not been someone independent from the Public Security Ministry.

"It would have been ideal to have someone nonpartisan as an adviser of the Ministry of Public Security and the president," Valladares stated. She also pointed out that the composition of the new council is quite balanced, and that the most important feature is that it includes individuals who participated in the Peace Agreements that drafted the PNC project.

The legislator expressed her confidence in the four council members and anticipate that they will provide equilibrium in the drafting of strategies that will include not only the struggle against criminal activity, but also measures to prevent it.

The council, which is the result of recommendations made by Enrique Ters Horst, former Onusal [UN Observer Mission in El Salvador], is chaired by Public Security Minister Hugo Barrera, Salvador Samayoa, David Escobar Galindo, Luis Cardenal, and Mario Velasco.

As part of its obligations, the council will be responsible for ensuring the meticulous performance of the National Civilian Police.

Security Minister Calls War on Crime 'Unsatisfactory'

PA2912142295 Panama City ACAN in Spanish 2228 GMT 27 Dec 95

[FBIS Translated Excerpt] San Salvador, 29 Dec (ACAN-EFE) — Public Security Minister Hugo Barrera said today that the war on common criminals and organized crime was unsatisfactory this year despite the efforts by the government's institutions to eradicate them.

"Although we made great strides to control crime in El Salvador, we can feel content, but not satisfied with what we have done," the official stated in a news conference where he assessed the performance of the National Civilian Police (PNC) in 1995.

Barrera affirmed that there will be "better results" with the war on crime in 1996, since police emergency services are going to be expanded, a special car theft unit will be created, and air and maritime services will start operations.

According to police figures from last January to date, the PNC made 21,413 arrests on different offenses, carried out 410 major crime operations, recovered 1,025 stolen vehicles, and seized 12,475 weapons.

The PNC was formed as a result of the peace accords signed in January 1992 by the Salvadoran Government and the former guerrillas, but it began to function nationwide in March 1993 and currently has 10,500 agents.

The security minister, who has held this post for a year and a half, stated that next year "we will no longer work on structuring public security institutions but on the operational side," and insisted that "the PNC and the National Public Security Academy are now much better than before."

In this respect, he noted that soon the Public Security Council will be sworn in. This entity will be tasked with agent training and will provide consultation and advisory services.

This consultative organism, created on the recommendation of the UN Mission in El Salvador (Minusal), will comprise professionals and well-known political analysts who will take office next January. [passage omitted]

Guatemala

President Says VAT Increase Will Help Poor

PA2912202695 Guatemala City Teleonce Television in Spanish 0100 GMT 27 Dec 95

[From the "Telepress Newscast"]

[FBIS Translated Text] With regard to the value-added tax, which will increase to 10 percent in January, President Ramiro De Leon Carpio said the increase will benefit the country's most needy sectors.

[Begin De Leon recording] What I can guarantee to you is that, as agreed with Congress and as was approved, the 3-percent increase will go to the poorest areas. It is not directed toward the capital or the urban areas but to the interior of the country, and that means fighting poverty. Now then, this must be in some way

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be controlled so there will not be....[pauses] it obviously increases the price of products because it is a tax that is passed directly to the consumer. Therefore, it is a price that must be paid. If the tax is correctly and honestly invested, I think the people will understand what this means. If it were not invested correctly in the interior of the country as the law stipulates, it would be [word indistinct] and illogical to create it. If that 3 percent is invested well, particularly in the rural areas, it will be one more benefit for the interior of the country. I am not only talking about the 3-percent VAT increase but the rest of the budget. As you know 30 percent was approved for social investments along with the 3 percent of the VAT. [Words indistinct] the new government with its measures and program will have to see that there will be no further increase and the Guatemalan people will not be further punished [words indistinct]. [end recording]

Respect for Human Rights Said Not To Improve During 1995

PA0301160996 Guatemala City Televisiete Television in Spanish 1900 GMT 2 Jan 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Private humanitarian organizations have announced that respect for human rights in Guatemala did not improve during 1995 and that, to the contrary, violations of guarantees persisted. A preliminary evaluation by the Center for Human Rights Investigation, Study, and Promotion, Cieprodh, has stated Guatemalan citizens' guarantees were not respected during this past year.

Cieprodh has stated that paramilitary forces committed more than 795 violations including 450 executions during 1995.

The Ombudsman for Human Rights notes that the country's situation at the end of 1995 was disheartening, because there was an upsurge of violation reports. According to Guatemalan Human Rights Ombudsman Jorge Mario Garcia Laguardia, 14,000 reports were lodged in 1994, but the figure rose to 16,000 this past year.

Group Reports 15,000 Refugees Returned To Country

PA2912132695 Guatemala City PRENSA LIBRE in Spanish 23 Dec 95 p 14

[FBIS Translated Text] Fifteen thousand Guatemalans have returned to the country after living as refugees in Mexico for 15 years, reported Rubio Mejia, representative of the Western Section of the Permanent Commissions of Representatives of Guatemalan Refugees in Mexico, CCPP.

These people have relocated in 21 communities of returned refugees [retornados], the first group of which arrived on 20 January 1993.

Rubio affirmed that the government did not fulfill different commitments that had been made, preventing the return of 20 other groups with approximately 20,000 fellow citizens.

These groups may rejoin the national life in 1996 if the government meets their demands for homes and a place to work.

There are now approximately 15,000 people in the Chiapas camps.

Honduras

President Reina Gives End-of-Year Speech

PA0301144996 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 2 Jan 96 p 4

["Text" of President Carlos Roberto Reina's end-of-year speech on 31 December in Tegucigalpa]

[FBIS Translated Text] Fellow citizens:

On the occasion of the arrival of the new year, I appear before all the Honduran people to share joys, achievements, hopes, and wishes.

In 1993, Hondurans massively stated their will through the ballot box, favoring with their vote the political plan to carry out a moral revolution in our country.

With its decision, the majority stated its faith in other human beings and our country's democratic institutions, harshly criticized by locals and foreigners until then.

Today, almost two years later, time has proven those who believed in our proposals were right.

The international community and the Honduran people are the best witnesses to our achievements.

In the international sector, our country has acquired importance by restoring the faith of friendly nations and international financial organizations.

Honduras currently chairs or actively participates in more than 10 international organizations, in which these feature prominently: the UN Security Council, the Central American Court of Justice, and the Latin American Bishops Conference (CELAM), which is led by a illustrious Honduran, Monsignor Oscar Andres Rodriguez.

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Our country's active participation at the international level is not mere happenstance; it is the result of a creative symmetry between a new style of government and the credibility enjoyed by its leading figures. Therefore, Honduras now enjoys enough international trust and credibility to state that the new year will definitely be better than the one about to end.

At the regional level, we continue to support Central American integration through our participation in the formulation of a specific plan and its immediate implementation to fulfill the current and future demands of our people, who today strive to guarantee a common destiny with liberty, peace, and democracy.

Therefore, during the recent 17th Summit of Central American and Belizean Presidents, held in San Pedro Sula, Honduras was appointed Central American representative until the next summit, so the country will be the region's official spokesman before the world.

In addition, important resolutions were signed within the treaty for Central America's Democratic Security, basically aimed at protecting and strengthening the safety of persons and their assets.

These important achievements within the regional integration process shape the great homeland of which Central America's greatest hero, General Francisco Morazan, always dreamed.

In the internal level, we have strengthened even further civilian society's participation by ratifying two constitutional reforms: Turning mandatory military service into a voluntary educational and democratic military service; and turning the police over to civilian jurisdiction.

Consequently, our Armed Forces will have a larger budget next year, but it is not intended to purchase weaponry. Instead, the corps will furnish education centers so future soldiers may train not only in the military discipline but also in other activities, which will enable them to contribute toward the country's productivity and overall development.

Moreover, no one ignores that, when we assumed control of the state, we found a country which faced serious economic and social limitations. However, we have come out ahead in two years, to the extent that we have achieved the institutionalization of democracy, already incorporating our country into issues of the 21st century's agenda.

Our main pledge has been to the homeland, without sectarianism of any kind and in a harmonious interaction of legitimate interests.

It is within this framework of actions that 1995 will be known in the near future as the year in which we began a National Convergence that undoubtedly represents a historical imperative. The creation of the National Convergence Council (Conacon) has been an important step, because it is the appropriate forum to launch state policies and a national development plan that will emerge from a consensus reached by all the sectors that comprise Honduran society.

Conacon is also incontestable proof of the high degree of political maturity achieved in the country, because its goal is to find points of balance, to strengthen the community's interest, and to prevent unnecessary confrontations so we may plan the country we all want. That is why we are meeting today, as we should have done yesterday, because it is one of the best ways to find the way to govern for everyone's well-being, to attain general welfare through the necessary participation of all society with its most genuine representatives.

Throughout the year that is ending, we strengthened an effective state of law, fully respecting the interdependence of the state branches, having thus created a new moral and political culture in the people's attitude.

The rule of the law is now a reality that determinedly brings us closer to other more developed cultures in the world. Consequently, we can assert with confidence that a new feeling, a feeling of hope and confidence in the future, prevails in the country; that is why, on an individual basis, the Honduran people assume the challenges of the future with optimism, and we must have faith on a collective basis that what we have achieved so far as we enter the new century and what we will achieve during the rest of this administration will allow Honduras to establish the groundwork so it may steadily advance toward its development, a development which, as we have said on other occasions, must be sustainable and equitable.

The new year looks promising from the economic viewpoint, and I am certain it will be so.

The country's economy has improved significantly compared to last year, having registered a growth of approximately 3.6 percent, and the greatest dynamism corresponds to the commercial sector and to basic and general services.

The fiscal deficit dropped significantly to 3.6 percent from the 11.6 percent we received, and the GNP approached the 4 percent mark.

Always referring to economic issues, I am reporting to the nation that the possibilities of renegotiating our foreign debt for the amount of $5 million with the Paris Club are actually feasible, given the sympathy with which our homeland is seen at the international level.

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Our greatest challenge for 1996 will be to curb and lower inflation; thus, I have issued precise instructions to the economic cabinet to reduce the fiscal deficit to 0.4 percent and to increase simultaneously our international reserves.

I am absolutely certain the new year will be better, economically speaking, because the worst is over. We, each one in his own trench, must now assume the responsibility of working for Honduras, because Honduras belongs to us all.

Within this context, 1996 will be the year of a great consultation on prices and salaries, a year in which the government will give preferential attention to the people's education, health, and basic needs. It will be the year in which specific results will be reached regarding the efforts to modernize the state. It will be the year in which we enthusiastically believe the demarcation of our border with the sister Republic of El Salvador will be expedited.

In sum, 1996 will be a better year for all the Honduran people, because the president of the Republic and his cabinet will not let you down, much less the moral revolution, which, as a government thesis, continues and is being consolidated not as a simple government proposal but as a permanent state policy.

Fellow citizens, you have witnessed from the start of this administration our constant struggle against corruption, using truth as our sword and shield, the truth which Monsignor Rodriguez has prophetically asked us not to fear. As for ourselves, we believe free men should speak the truth, because it is a basic condition for the validity of any human virtue. A man who does not tell the truth will quickly bear a moral burden and, conversely, the one who always tells the truth and defends it will invariably earn many merits.

The truth must be felt and loved, because it makes a man free. We do not fear the truth; quite the contrary, we profess it as a true calling.

I hope the new year brings much success and legitimate hopes to the Honduran people, who do not lose faith in the guidelines of the moral revolution, which will eventually defeat the many sorrows and anguish from the past.

May God bless our people's homes.

Thank you.

Honduras Joins Internet Service

PA3012135895 Panama City ACAN in Spanish 2327 GMT 28 Dec 95

[FBIS Translated Text] Tegucigalpa, 28 Dec (ACAN-EFE) — Honduras today joined the Internet information network, regarded as the world's largest in the field of communications.

Acting President Guadalupe Jerezano said that after Costa Rica, Honduras is the second Central American country to join the Internet system.

In addition, Mario Maldonado, manager of the Honduran Telecommunications Enterprise (Hondutel), noted the importance the for the country of joining a communications system that is being utilized by over 85 nations.

He added that the growing role that telecommunications plays in all countries is evidenced by the business approach taken by Hondutel and the U.S. Sprint company.

Maldonado stated that the Honduran Government has signed an agreement to exploit Internet with a high technology ascribed to the world's largest telecommunications data to which Honduras has been unconnected until now.

The system will allow Honduras, primarily the young people, "to be incorporated into a new era of information in all fields of human knowledge," the official noted.

With Internet, Hondurans have begun to access electronic mail, file documents, and other services the system provides.

This week, Hondutel also inaugurated the cellular telephone system, with over 1,000 devices distributed among a group of users.

Nicaragua

Foreign Ministry Says 94 Honduran Fishermen Released

PA2912183795 Managua BARRICADA in Spanish 22 Dec 95 p 4

[Article by Freddy Garcia Eschke]

[FBIS Translated Excerpt] The Foreign Ministry officially announced that 94 of the 109 pirates, who were apprehended in territorial waters in the northern Caribbean region of Nicaragua last Sunday, were released, while 20 remain under arrest so the authorities can determine their responsibility in the shooting attack on units of the Nicaraguan Naval Force.

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In a press note, the Foreign Ministry said the person responsible for a previous attack on the Nicaraguan Naval Force was Honduran citizen Rene Echeverria Haylock, captain of the lobster boat Pawanka, who fired on the Nicaraguan patrol boats with an AK-47 rifle on 15 May 1995. [passage omitted]

The Foreign Ministry said the captains of the pirate boats that were seized, in addition to having been caught fishing illegally in our waters, also violated international security norms on the protection of human lives and navigation by abandoning their personnel in the high seas while fleeing to avoid arrest.

They left the fishermen to fend for themselves.

The Nicaraguan Naval Force, in addition to arresting the illegal fishermen, had to rescue 91 divers and fishermen, including Nicaraguan fishermen, who were abandoned in the high seas to fend for themselves by their irresponsible Honduran bosses.

Three other Honduran boats, the Capitan Calvin, the Reyna Doriskira, and the Mosquitia Express, were able to escape from the Nicaraguan Naval Force, according to the press note.

The authorities are investigating when and where the Honduran pirates picked up the remaining fishermen — including Hondurans and Nicaraguans — because their respective log books specified that they left the port of La Ceiba and Puerto Lempira in Honduran territory with less personnel than the ones they were actually carrying.

Twenty Are Under Investigation

A total of 20 persons, including eight Nicaraguans, are under investigation. They were taken to the port of El Bluff, in the southern Caribbean region of Nicaragua, while 94 others were released — between Monday, 18 December, and Tuesday, 19 December — by Immigration and Alien Affairs authorities. [passage omitted]

Central Bank Announces Foreign Trade Liberalization

PA3012183095 Managua LA PRENSA in Spanish 23 Dec 95 pp 1, 12

[Report by Pedro Serrano and Maria Elena Palacios]

[FBIS Translated Text] Jose Evenor Taboada, president of the Central Bank of Nicaragua, yesterday announced the liberalization of foreign trade, which will allow exporters in general to keep the foreign exchange they obtain from their activities.

This important measure, adopted by the Bank's Board of Directors, invalidates the forced sale of foreign exchange exporters, mainly traditional exporters, were forced to make to the Central Bank.

Taboada recalled that until now only nontraditional exporters were allowed to keep their foreign exchange, while a segment of the fishing sector was allowed to keep 75 percent of the resources derived from their exports.

Meanwhile, most traditional exporters had the obligation to sell their foreign exchange to the national financial system, which bought it on behalf of the Central Bank.

Regarding this issue, Finance Minister Emilio Pereira stressed that the exporters will no longer be forced to bring their dollars "to the Central Bank or to the country. Consequently, we are restoring confidence to the private sector," he stated.

Additionally, Taboada announced the Central Bank's commitment to provide foreign exchange to all those Nicaraguans who need it for both tangible and intangible imports.

"In other words, foreign currency will be sold freely in the foreign exchange market, even for expenses relating to health, travel, transfer of capitals; in sum, all transactions previously conducted by foreign exchange houses will also be conducted now with the Central Bank," he indicated.

He explained that the liberalization of foreign trade was prompted by the hike in exports and the vigorous inflow of private capital which this year practically doubled the transactions foreign exchange houses conducted last year.

Taboada remarked that this is not a liberalization of the exchange rate because the foreign currency will continue to be sold at the monthly preannounced rate, adding that for the time being the policy to devalue the currency monthly by 1 percent will continue.

In addition, he noted that the monetary and fiscal policies of generating savings will create the conditions so that the street dollar price continues to be very similar to the official dollar price.

The government believes that through its economic policies the Gross Domestic Product [GDP] growth in 1996 will be higher than in 1995 — possibly exceeding 5 percent. It also considers that international reserves will increase by $80 million over reserves for this year. Meanwhile, the inflation rate is expected to be less than 10 percent.

Minister Pereira, for his part, said that the rate of growth of the economy has placed Nicaragua among

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the countries with highest growth and stability in Latin America.

That perspective appears clear from the point of view of debt reduction, the progress in resolving the property problem, the opening to investments in the strategic telecommunications sector, placing Nicaragua as a strategic leader in Central America, the substantial increase in exports, and the reactivation of disbursements to multilateral organizations, he highlighted.

Pereira added that the prospects for 1996 indicate growth will continue. This is based on an 11-percent expected growth in agriculture, 3 percent in the industry, 10 percent in construction, 17 percent in mining, and 5 percent in trade.

For the president of the economic cabinet, Nicaragua has been classified as one of the countries with highest growth, above 33 countries. In the past, Nicaragua had been ranked in the 66th position.

Minister, Central Bank President Comment on 1996 Measures

PA3012204695 Managua Radio Nicaragua Network in Spanish 1130 GMT 26 Dec 95

[From the "620 Newscast"]

[FBIS Translated Text] Central Bank of Nicaragua President Jose Evenor Taboada Arana stated that in 1996 the restrictions against the purchasing of foreign currency and the opening up to foreign trade will begin to be eliminated. As a result, next year, all exporters will be freed from having to turn over the currency received from the sale of imported products to the Central Bank which will stimulate foreign trade in our country.

In conclusion, Taboada said that from now on exporters are owners of their currency, and they can may sell it to the bank or to a parallel market if they so desire. This will also be the case for anyone desiring to purchase currency. Everyone will be free to do so if required, but always under the policy of the displacement of currency at 1 percent with respect to the dollar.

The new measure planned for 1996 is due to the fact that our country's 1995 international reserves were estimated at $143 million, and exports increased significantly.

The Nicaraguan Government has five points of an economic assistance program signed last year between Nicaraguan officials and the international financial institutions still pending.

Finance Minister Emilio Pereira said one its five main points is a reduction of Nicaragua's foreign debt — principally, the reduction of its debt with Russia. In addition, the disclosure of the economic policy behind a increase in interest rates, such as occurred in 1995. Privatization of the state-owned enterprises, such as the case of Telcor [Nicaraguan Telecommunications and Postal Services Institute] — for which Nicaragua will receive $150 million and an improvement of its credit — for which the country must modernize its tax system.

In addition, Pereira said next year the government will be unveiling — in a responsible way — a new taxing system to reduce the number of tax evaders, such as has been done in recent weeks.

Sandinists Renewal Movement Allies With Social Democrats

PA0101002496 Managua EL NUEVO DIARIO in Spanish 22 Dec 95 p 2

[Report by Edgard Barberena S.]

[FBIS Translated Text] Yesterday, the Sandinist Renewal Party (MRS) and Social Democratic Party (PSD) presidents signed documents of intent, which marked the beginning of a new coalition of democratic political parties. They also encouraged other political organizations to join in similar alliances.

The document was signed by Sergio Ramirez and Adolfo Jarquin, MRS and PSD presidents respectively. They agreed to begin procedures aimed at establishing the basis for a firm and democratic electoral alliance, of ample participation, and with long-term prospects. It is believed the new alliance will be in the middle, a new option for Nicaragua.

Contacts and Talks

Both parties agreed to contact and hold talks with democratic political parties, social movements, and labor organizations and unions to jointly discuss and settle on an adequate frame to build a solid electoral alliance.

The accord also plans to consolidate actions within the National Assembly, which will elect a new council on 9 January 1996.

Both leaders believe the 1996 elections will be a historic and unique opportunity for Nicaragua, "to finally find and walk the path toward progress, welfare, stability, democracy, peace, and justice."

Ramirez and Jarquin acknowledged the danger of a split in the country and see the alliance as the only option for a future of work, progress, welfare, and definite peace.

Party Leaderships

Ramirez was escorted by MRS leaders Leonor Arguello de Hupper, Luis Felipe Perez Caldera, David Callejas,

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and Ernesto Ortega. Representing the PSD were PSD President Felix Pedro Alfaro, Secretary General Luis Rivas Leiva, and Communications Secretary Wilfredo Montalvan.

Ramirez, upon signing the document, said the purpose of both parties is to offer Nicaraguans a different option in order to avoid confrontations and disparity in the way of peace. He added the 1996 elections will present two forces, the FSLN [Sandinist National Liberation Front] and the PLC [Constitutional Liberal Party], who are leading the country toward a confrontation that could trigger a new war in Nicaragua, and "this is what we should prevent from happening, by presenting the voters with a reliable option, trustworthy of promoting the basis for a better future."

Some people were skeptical about the intentions of the MRS and PSD, as previously "we were adversaries in the political arena. Despite this fact, the circumstances are changing on behalf of Nicaragua, and new prospects are opened to strengthen peace and democracy," they said.

MRS, a Loyal Ally

Ramirez told the PSD that they could find in the MRS a sincere and loyal ally without secret games or hidden intentions. "One of the things I am most proud of since the moment I headed the Sandinist bloc at the National Assembly is the loyalty, responsibility, and serious approach toward our political pledges. At present, Dora Maria Tellez is leading this same approach."

"We know the path is not easy, the considerations are still obstacles to overcome, but when a greater goal is before us, then there are no paved or cleared ways. Our end should be a great democratic alliance with a fair plan for Nicaragua," said the former Nicaraguan president.

Ramirez confirmed the PSD will obtain a new bench in the council to be elected 9 January.

Ramirez will meet with Myriam Arguello, secretary general of the Conservative Popular Alliance (APC), and Christian Democratic Union President Luis Humberto Guzman. He held talks with leaders of the Independent Liberal Party, including Virgilio Godoy.

Jarquin Comments

Adolfo Jarquin said the PSD democratic struggle has always been open to new challenges and responsibilities toward Nicaraguans. "We are acting responsibly, as we have done on previous occasions; we are also being responsible for all Nicaraguans, because what the people want is to live in peace and solve the economic problems."

Jarquin added that after a series of analyses, the Social Democrats are aware of their responsibility; "we are convinced this is the best we can do for Nicaragua, which deserves a different future."

Naval Units Continue To Patrol Maritime Border

PA2912223895 Managua EL NUEVO DIARIO in Spanish 24 Dec 95 p 8

[FBIS Translated Text] Nicaraguan naval units on Saturday continued to patrol territorial and border waters with Honduras, while U.S. English-language newspapers published international news dispatches datelined in Tegucigalpa and Managua reporting the beginning of tension between Honduras and Nicaragua.

"If our boats are attacked by foreign boats, we will defend ourselves," Captain Milton Sandoval, Nicaraguan Army spokesman, stated, according to a paragraph from one of so many reports that appeared this Saturday in several U.S. dailies.

Military sources told EL NUEVO DIARIO that the high command of the Nicaraguan Army has begun contacts with Honduran authorities to seek more detailed reports on the alleged statements made by [Honduran Armed Forces chief-designate] General Hung Pacheco.

Other wire reports from Honduras said yesterday that this country will try to define as soon as possible its border limit with Nicaragua, to end tension between both nations.

"The Foreign Affairs Ministry has been instructed to begin working immediately on this delicate and important matter; undelimited borders are a cause for conflict," Honduran President Carlos Roberto Reina asserted.

He added that the delimitation of the border is the only viable road to end the constant incidents between Honduran fishermen and Nicaraguan soldiers

What Other International Media Report

International media, including international television networks like CNN, NBC, and Univision, reported that this week the Governments of Nicaragua and Honduras got into a "verbal war" after a confused incident in Atlantic Ocean waters between Honduran fishermen and naval forces from Nicaragua.

Nicaragua seized four fishing boats and detained more than 100 fishermen who worked at sea. Both governments said this incident occurred in international waters.

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The maritime border between both nations has not been officially defined and Honduras considers parallel 15 as the historical border. Honduras has not yet established its maritime borders with eight countries from Central America, the Caribbean, and Colombia.

"We have many records indicating that we have always exercised our sovereignty there. Our fishing boats have always operated near parallel 15," Mario Hung Pacheco, Honduran Armed Forces chief-designate, remarked.

Hung Pacheco, who will assume the post of Armed Forces chief in January, said that as long as differences are not resolved, there is a firm decision to defend the national sovereignty "and repel any violation" of its territory.

He concluded that Honduran military officers do not maintain a warmongering spirit, but are fervently interested in fully protecting the sovereignty.

Panama

President Says New National Police Bill To Be Drafted

PA3012024195 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Dec 95

[Report by Alexander Calderon from the "RPC Television News" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares has announced a new bill for the National Police [Policia Nacional — PN] will be drafted, while more than 1,800 promotions were officially made at the institution.

The president said during the change of command ceremony at the PN that steps have been taken to draft a bill that will guarantee the PN will be free from militarization and political movements:

[Begin Perez Balladares recording] You, the men and women from the police, will be responsible for accomplishing this task no matter how good this bill is. To that end, you will always have to your advantage both the assumption that you will act within the law and the security that fighting crime with energy and responsibility will never make you alleged criminals. [end recording]

The president warned, however, he will not tolerate corruption.

Meanwhile, the new PN director announced promotions in that institution:

[Begin PN Director Jose Luis Sosa recording] Daniel Poveda Arrocha is promoted to the rank of commissioner; Tomas Garcia Tovar is promoted to the rank of subcommissioner; Alvis Santana is promoted to the rank of major. In addition, 14 police officers are promoted to the rank of captain; 81 officers are promoted to the rank of lieutenant; 164 officers are promoted to the rank of sublieutenant; 441 officers are promoted to the rank of first sergeant; 421 officers are promoted to the rank of second sergeant, and, most importantly, 629 officers were promoted to the rank of corporal. [end recording]

The PN director stressed the need to provide the organization with more equipment and vehicles, as well as more sophisticated weapons. He concluded that this provision will enable police officers to fight crime more effectively.

Amnesty Bill Passes Second Debate

Congressmen Comment

PA0201223496 Panama City Telemetro Television Network in Spanish 1730 GMT 2 Jan 96

[Speakers identified by caption; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Even though the opposition rejected the Amnesty Bill, this controversial law passed the second debate with the support of the Papa Egoro Movement. Jose Ivan Ramos has the story:

[Begin recording] [Ramos] The bill was approved at a permanent session on the early morning of 31 December. This time, the controversial law had the favorable vote of the Papa Egoro Movement.

[Papa Egoro Movement President Gloria Young] Simply because the bloc from the ruling party accepted all the proposals the Papa Egoro Movement presented to substantially improve the Amnesty Bill.

[Ramos] The document was approved with 38 votes in favor and none against it, despite the withdrawal from the session of the opposition bloc. The Arnulfist Party's Daniel Arias recognized that the bill was modified, but it basically kept the issues with which the opposition disagrees.

[Arias] Certain aspects of it were improved, precisely because of our thesis. We wanted to reach an understanding, because — I am telling you — we do not oppose an amnesty. We want a well-thought-out amnesty. However, they insist on including a number of factors on which we cannot agree.

[Ramos] Article 1 of the bill grants a general amnesty favoring all individuals being persecuted, involved, prosecuted, or sentenced for crimes against the state personality, crimes against individual freedom, or for events described as crime with political intention committed before 20 December 1989. Despite its approval,

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spokesmen from the ruling party believe that the issue must be subjected to a national debate.

[Oyden Ortega, Democratic Revolutionary Party legislator] Because I explain to myself, even though I do not agree with the position many colleagues from the opposition took, that they have an order from their parties to carry out. These very old and timeworn parties have failed to understand the role the new society and the new policies must play. I believe that it is desirable for these parties to reach an agreement.

[Ramos] Murder and the cases being prosecuted at courts other than penal and electoral courts will not be included in the amnesty. According to National Assembly President Carlos Alvarado, this bill will be subjected to a third debate at the regular session of the National Assembly that starts in March. [end recording]

President Expresses Opposition

PA0401043296 Panama City ACAN in Spanish 2028 GMT 3 Jan 96

[FBIS Translated Text] Panama City, 3 Jan (ACAN-EFE) — President Ernesto Perez Balladares today expressed his opposition to a general amnesty bill that may benefit people who have committed crimes, among other serious offenses.

The Legislative Assembly on 31 December approved an amnesty bill in the second debate. This bill will be discussed in the third debate when the legislative resumes its regular period of sessions in March.

Perez Balladares considers that a wrong message would be sent to Panamanian society if, through a general amnesty bill, persons who have been found guilty of different crimes were acquitted.

Franz Wever, Legislative Assembly vice president, told ACAN-EFE that if an amnesty bill is going to be promulgated, it must be a general amnesty bill so that there is much-needed reconciliation, brotherhood, and peace in the country.

"The only way to attain that peace is by forgiving others," said Wever, who is a member of the pro-government Democratic Revolutionary Party (PRD), one of which legislators, Alberto Aleman Boyd, presented the aforementioned bill.

"I believe in a general amnesty bill, a bill that establishes the necessary provisions so that there is peace in this country, because no progress can be made as long as there is hatred and as long as political party leaders ask the people to attack other persons," the parliamentarian added.

Wever expressed that there are people who asked for the 20 December 1989 U.S. invasion, yet they live peacefully in their homes, though that, in fact, is a crime.

Meanwhile, Legislator Miguel Bush, also of the PRD, stated that "the inmates are our inmates, and the 20 December dead are our dead, and I am convinced that there are political prisoners."

For Bush, what occurred on 20 December 1989 was a war and "in acts of war one can kill to defend his life."

"If the president vetoes the amnesty bill he will have problems with the rank and file of the party," Bush explained when questioned on the possibility the president may veto the draft bill preventing it from becoming a law.

Samuel Lewis Galindo, president of the pro-government Solidarity Party, warned that care must be taken in approving a general amnesty bill because "some criminals and murderers may sneak in under that cover of forgetfulness."

The opposition rejected the draft bill as it was approved in the second debate, while Attorney General Jose Antonio Sossa stated that it cannot apply to all cases.

Union Leader Protests U.S. Bases' Treatment of Workers

PA0301214896 Panama City LA PRENSA in Spanish 3 Jan 96 p 5a

[Article by Rolando Rodriguez B.]

[FBIS Translated Text] Mario Archer, secretary general of the union of workers at U.S. military bases (Local 907), said yesterday that of the 80 companies contracted by the U.S. Army in Panama, 60 percent do not pay Panamanian workers minimum wages, and are engaged in other violations.

In addition, the union leader of Local 907 said that further dismissals of Panamanians working in military bases are scheduled for 31 January. Leroy Canyill, public relations secretary of local 907, said that about 50 Panamanians will be dismissed.

Archer specified that in 1995, companies signed contracts with the U.S. Armed Forces for over $13.6 million, and more than 1,000 Panamanian workers worked with these companies. Archer said these workers are "ill-treated" and are not paid the minimum wage established by the armed forces (almost $3 per hour), according to the contracts.

The union leader also said the companies do not comply with workers' social security or with the revenue service.

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The Labor-Management Council created at the military bases to solve labor problems will meet this week to deal with the issues raised by the union leader. Later, Archer will hold a meeting with Labor Ministry officials since that entity will install a regional vigilance office in the canal area.

Archer confirmed that these violations against Panamanian workers are constantly occurring and that the highest ranking U.S. military officials have given their approval for the announced vigilance office to be established. Archer warned that if these violations continue, the contracts could be terminated.

In addition, the secretary general of Local 907 indicated that the union has named two of its members to determine the position of the workers in the U.S. bases regarding exploratory talks concerning the defense sites which are tentatively scheduled for mid-February.

Archer insisted that the presence of military bases should be renegotiated because more than 5,000 Panamanian workers depend on them. According to the union leader, these workers have not received any answer from the Panamanian Government regarding their future.

Archer added that he wants to initiate talks with President Perez Balladares regarding this issue. However, Archer has not received an answer from the president. Archer confirmed that the U.S. bases' workers are being "deceived" by the government, which does not take them into consideration.

Local 907 workers also said they were extremely disgusted by the naming of Jorge Lee as the new Interoceanic Region Authority [ARI] director, when they had recommended Luis Anderson, a veteran union leader, who had been deputy labor minister.

Executive, Legislative Branches Debate Tariff Reduction

PA3012170595 Panama City EL PANAMA AMERICA in Spanish 29 Dec 95 p 1A

[Report by Arnulfo Barroso and Carlos Vargas]

[FBIS Translated Text] The differences in views between the legislative and the executive branches regarding the reduction of agricultural tariffs became wider yesterday, when 48 government and opposition legislators signed a letter asking President Ernesto Perez Balladares to reconsider the measure as it harms the sector.

This action by the 48 legislators took place at the same time the farmers who traveled to the capital had returned to the country's interior "angered by the intransigence" displayed by the executive. The farmers granted a waiting period for the measure to be modified. After this period, they will hold general assemblies to decide new actions.

The letter sent by the legislators to President Ernesto Perez Balladares stresses that the "drastic" reduction experienced by the agricultural tariffs is detrimental to the survival of the agricultural sector.

"This is the reason why we are respectfully asking you to reconsider the decision made by the Cabinet and to review new parameters regarding the reduction of tariffs, considering the views of the farmers," the letter reads.

Perez Balladares did not grant any interview during a meeting held with reporters at the Presidency.

The farmers met yesterday with specialists from the Planning and Economic Policy (MIPPE) and the Ministry of Agricultural Development (MIDA) to compare figures and study the possible modification of Cabinet Decree No. 29 issued on 20 December 1995.

The proposal submitted by the farmers establishes modifications to seven of the 40 tariff codes included in the decree. These codes deal with products such as onions, pork, and potatoes.

Rene Lucianni, head of the government delegation, said that he would present the conclusions reached at the meeting with Planning Minister Guillermo Chapman for the Executive to study them and make a decision to this effect.

Meanwhile, Carlos Pitti, leader of the National Union of Farmers, pointed out that the sector will grant a waiting period, hoping that the Cabinet will change the reduction of tariffs. Otherwise, they will hold general assemblies to consider other actions.

Pitti noted that the figures used by the MIPPE to establish the reduction were provided by a firm of Chilean consultants and were based on Chile's situation, which is "quite different" from Panama's situation.

Several farmers left the meeting with the specialists of the MIPPE and MIDA in anger, complaining that they had wasted their time since these specialists have no decisionmaking power and the government had limited itself to receive their figures, without committing itself to change its stand.

According to the agricultural leaders, the government's true intention behind the tariff reduction is to facilitate the import of products and thus earn more revenues in import taxes.

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Report Indicates State Budget Implemented by 75 Percent

PA3012042595 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Dec 95

[Report by Alexandra Ciniglio from the "RPC Television News" newscast]

[FBIS Translated Text] Official reports indicate a few days before the end of 1995 that the state budget was implemented by 75 percent. The year will close with $15 million in additional revenues that had not been contemplated. In addition, the government hopes to implement all necessary measures to prevent a further slowdown in the economy.

The Ministry of Planning and Economic Policy report indicates that this year's budget showed higher levels of implementation than last year's budget, but it was not fully implemented; therefore, there were more revenues than spending:

[Begin Planning and Economic Policy Minister Guillermo Champan recording] The absolute amount of spending exceeds by 50 percent what was spent in 1994. This year's budget spending resulted in specific works such as roads, schools, health centers, small works in communities, etc. [end recording]

The government has the following concrete plans for 1996: To eliminate the current debt, replacing it with a new debt and to submit bills to regulate the light, water, and telephone services. The minister has said the Competition Defense Bill will certainly be approved during special legislative sessions:

[Begin Chapman recording] When the Legislative Commerce Commission began the consultation process, 11 versions of the draft bill had already been discussed with various representatives of interest groups, such as businessmen, industrialists, consumers, and others. [end recording]

With this package of bills, the government hopes to conclude the adjustments contemplated in the economic plan and to wrap up the legislative reforms, which have been questioned during this year.

Opposition Legislator Calls For Cabinet Changes

PA3012135795 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Dec 95

[Report by Alexander Calderon; from the "RPC Television News" newscast]

[FBIS Translated Text] The opposition has called for changes in the cabinet of President Ernesto Perez Balladares. According to Legislator Joaquin Franco III of the Authentic Liberal Party [PLA], changes are required in the Ministries of Planning and Economic Policy and Agricultural Development.

[Begin Franco III recording] Changes must be made in the cabinet. We would begin by removing [Planning and Economic Policy] Minister Chapman and Agricultural Development Minister Carlos Sousa Lenox. We cannot continue to pass these unpopular laws that have been presented day after day at the Legislative Assembly plenum. [end recording]

The Presidency of the Republic has reported that no cabinet changes will be made. Meanwhile, pro-government politicians have said that the only thing that is currently required is greater productivity at all levels.

[Begin pro-government legislator Balbina Herrera recording] For me, this is not a problem of a change of figures. For us, it is important that in 1996 we show our desire to work for this country. We hope projects will be completed rapidly and also hope we can all work along the same lines. I think this is more important than the changing of players. [end recording]

Political sources have stated that Finance and Treasury Minister Olmedo Miranda will be named Panama Canal Administration and that he could be replaced by Miguel Heras, current deputy minister of finance and treasury, or Labor Minister Mitchell Doens.

[Begin Doens recording] I can neither confirm nor deny those reports. We must take into account that the current minister, colleague and associate Olmedo Miranda, has done a superb job at that ministry. We have not received any information to that effect, either officially of unofficially. [end recording]

However, a source who asked to remain anonymous said that changes are expected in the Commerce and Industries Ministry. [sentence as heard]

Assembly Ratifies Legal Assistance Treaty With Colombia

PA0301231596 Panama City EL PANAMA AMERICA in Spanish 3 Jan 96 p a-4

[Report by Carlos Anel Cordero]

[FBIS Translated Text] The Panamanian Legislative Assembly ratified the Mutual Legal Assistance Treaty (TALM), which was signed by both Panama and Colombia back in November 1993 and which deals with drug trafficking cooperation with Colombia.

The treaty with Colombia was ratified by the Legislative Assembly and promulgated in the GACETA OFICIAL on 28 December, which only leaves pending a diplomatic note to the Colombian Government notifying it of what the Panama Government has done.

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According to the TALM text, each of the two countries may request information and evidence for investigations or judicial procedures related to drug trafficking.

Statements by witnesses, documents, or other evidence that the requester state may need may also be supplied.

Any information requested under TALM-established terms will be handled with strict "confidentiality" based on what was established in the agreement.

Both countries can also request "freezing" [inmovilizacion] or confiscation of properties or substances under suspicion that may have been the product of drug trafficking-related activities.

The signing of the treaty between the two countries is the result of negotiations carried out by the Goodwill Commission between Colombia and Panama.

Editorial Decries President's Special Powers

PA3112204695 Panama City LA PRENSA in Spanish 31 Dec 95 p 1A

[From the "As of Today" editorial column]

[FBIS Translated Text] For what are we getting ready? Another Fujimori-style coup? The signs can be nothing less than disturbing: Perez Balladares can rely on a overwhelming legislative majority that allows him to pass any law, not based on merit, but simply by invoking party discipline. This political tameness recently caused the National Assembly to commit suicide as a state organ, by handing over its faculties to the executive branch so that it can make use of it as may best suit a president with imperial airs. As experience in other countries has attested, there will be need for a major crisis so that this lost equilibrium can be reestablished, and the price Panama will have to pay will be too costly. There is the danger that the president will utilize his new special powers to impose even further cuts to workers social gains, or even to once again surrender portions of our recently recovered national sovereignty. As if that were not enough, there is an ongoing slander campaign to smear the Supreme Court, eliminate those magistrates whose independence represent an inconvenience to the president, and to concentrate the three state branches under his exclusive control. Years ago, an astute observer of our national life sent a message to another president who was also determined to have the country in the palms of his hands: "Tell him not to continue accumulating all that power because he is liable to choke." So said so done. That absolutism attempt ended tragically for the president and the country is still paying the price.

Administrator Denies ARI Law Violated

PA0401004696 Panama City LA PRENSA in Spanish 3 Jan 96 p 3a

[Report by Jose Otero]

[FBIS Translated Text] Nicolas Ardito Barletta, administrator of the Interoceanic Region Authority (ARI), stated that the extraordinary powers of legislating by decree granted to the president by the Legislative Assembly does not violate the law of this state organization.

He said that this power granted to the Cabinet Council will help expedite procedures to locate export enterprises and enterprises that generate jobs in export processing zones in reverted areas.

Former ARI Administrator Jose Chen Barria stated this week that the "extraordinary powers" granted to the president empowers him to make use of these areas without having approved the ARI master plan, a document that defines the use of reverted properties and real estate.

Ardito Barletta said that he trusts that the president will know how to legislate in the most positive manner on export processing zones in order to develop these areas located on Fort Davis.

"We also hope that a great number of jobs will be generated from this activity," he stressed.

As far as the current ARI administrator is concerned, this measure does not violate the organization's law in any manner, "it is more like a support for ARI work," he stressed.

Police Director Sends Contingent to Darien Province

PA3012041995 Panama City EL PANAMA AMERICA in Spanish 29 Dec 95 p A-1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] National Police Director Jose Luis Sosa has announced that he has sent a contingent of policemen to Darien Province to verify the alleged presence of guerrillas who are reportedly harassing several local towns and has acknowledged that safety in the country is poor.

Sosa has said part of the personnel was sent on a helicopter to overfly the area in which the guerrillas are allegedly located in order to expel them from the country.

The official has said the conditions of safety are "rather poor, but we are trying to improve that situation," adding

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that a great effort being made to achieve that goal includes reinforcement of security in Colon Province and the patrolling of Darien.

"We are going with all we have, the police have pledged to be on the street until the calm is restored to the people," and we have deployed more agents to do that, he has affirmed.

He has also said that the death of teacher Agapito Castillo did not take place during a skirmish with guerrillas and that judicial authorities are investigating the case to ascertain responsibilities.

Indian Legislator Enrique Garrido charged on 24 December that the people of San Blas feel frightened by drug traffickers and guerrillas who go about their business with impunity in this region.

Sosa has said the decision was made to send personnel to ensure their safety in view of the complaints by the Darien and San Blas residents but has acknowledged this situation is not a serious one.

The towns of Boca de Cupe, Yape, Union Choco, Rio Chico, El Tupido and others close to the border with Colombia have been attacked by the rebels of that country.

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Argentina

Di Tella Says Chilean Base 'Will Not Affect' Country

PY0401013696 Buenos Aires TELAM in Spanish 2254 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (TELAM) — Foreign Minister Guido Di Tella has emphasized that the military base that Chile will establish in the Continental Glaciers area will not affect Argentina directly or indirectly, as it will be established within Chilean territory.

Di Tella told the journalists who were present for the signing of an agreement with UK Chancellor of the Exchequer Kenneth Clarke: "The military base that Chile will establish in the Continental Glaciers area will not affect our territory directly or indirectly, as it will be established far north of Mt. Fitz Roy."

The foreign minister explained: "There is some geographic confusion, as Chile's project does not lie in the disputed area. It is not close or to the west of that area. It is an issue that does not concern us."

Nevertheless, he noted: "It is necessary to remain attentive and watchful, but quiet."

Di Tella explained that the Chilean Government "has informed us about its project to prevent misunderstandings." He added that he had talked twice with his Chilean counterpart, Jose Miguel Insulza.

UK Chancellor Kenneth Clarke Continues Official Visit

Discusses British Investments With Menem

PY0301212196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1625 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (NA) — President Carlos Menem and Chancellor of the Exchequer Kenneth Clarke agreed today that the accord for oil exploitation in the Malvinas Islands will permit "an improvement in the two countries' bilateral relations," particularly regarding investments and commerce.

The British official talked with reporters after his meeting with Menem at Government House. Clarke praised Argentina's economic changes, characterizing them as "extraordinary."

Economy Minister Domingo Cavallo, British Treasury Permanent Secretary Terry Burns, British Ambassador Peter Hall, and Argentina's Ambassador to London Rogelio Pfirter participated in the meeting with the president.

During the meeting the officials also discussed "Mercosur [Common Market of the South] and EU relations" following the agreement signed on 15 December in Madrid.

Clarke said his discussions with President Menem centered mainly on the issue of British investments in Argentina, which in his opinion "will continue growing, particularly because Argentina is committed to free trade."

"I think this is new step forward in our efforts to improve our bilateral relations in the areas of investment and commerce," Clarke said.

With respect to oil exploration in the Malvinas Island zone, Clarke said: "We only mentioned it to say that it was a very advantageous step and that we have been able to leave our diplomatic problems aside and make progress in the oil agreement."

Clarke said that "this agreement is a very important step for a return to the normal relations that should exist between Great Britain and Argentina."

Clarke's remarks coincided today with the 163d anniversary of the date when Argentina's population and authorities were evicted by force from the Malvinas Islands, which has been occupied since then, a fact that provoked a war in 1982.

The British dignitary said that he came to our country at the head of a group of entrepreneurs interested in the privatization of drinking water networks in Argentine provinces.

Asked about the bank officials that came with the official entourage, Clarke said that "they have clients who might have a direct interest in investing," making clear that the British Government "does not make any decision as to where investments must be made."

Clarke then said that "the British interest is not restricted to privatizations; we are also interested in increasing our investments in Argentina, which are increasing rapidly."

With respect to the consequences of the "tequila" effect that last year provoked the breakdown of Mexico's financial system and affected Latin American markets, Clarke said: "Argentina was successful in overcoming what could have been a very important crisis, and the situation was saved with some very difficult but very firm decisions."

According to Clarke, our country's economy "enjoys very good health," adding that he trusts Argentina's finances "will return to the path of sustained growth."

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Says Interested in Privatization Program

PY0301211996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1634 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (NA) — UK Chancellor of the Exchequer Kenneth Clarke today announced to Economy Minister Domingo Cavallo the goal of a group of UK entrepreneurs of participating in the privatization process of provincial water and energy utility companies.

Clarke also expressed interest in the Argentine Government's economic and financial prospects for this year, especially the privatization program for federal and provincial assets.

Clarke arrived in Buenos Aires today, heading a delegation of British entrepreneurs, including British Gas and Lloyds Bank entrepreneurs.

Before arriving in this city, Clarke visited Posadas where he told [Misiones] Governor Ramon Puerta about the goal of some UK entrepreneurs of investing in tourism activities.

The UK official met Cavallo at the Economy Ministry at noon today, after meeting President Carlos Menem at Government House.

In addition to expressing interest in the energy and fresh water utility companies that still are owned by provincial states, Clarke discussed the issue involving the exploitation of hydrocarbons in the Malvinas Islands.

The entrepreneurial delegation includes Dennis Cottrell, a British Gas executive. British Gas has the goal of entering a joint venture with the Argentine oil company YPF [Government Oil Deposits] to conduct oil prospecting in the South Atlantic.

Authorities from the two countries are pursuing the idea of forming a bilateral commission to implement cooperation for the prospecting of hydrocarbons in the waters surrounding the Malvinas Islands.

Signs Accord To Prevent Tax Evasion

PY0401014596 Buenos Aires TELAM in Spanish 2314 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (TELAM) — UK Chancellor of the Exchequer Kenneth Clarke today emphasized that the agreement that was signed today with Argentina to prevent tax evasion would raise the British investors' confidence in Argentina.

Clarke said: "It is important for British investors to have confidence in the economic status and conditions of the country in which they are depositing their capital."

The 'Agreement to Prevent Double Taxation and Tax Evasion' was signed today by Chancellor of the Exchequer Clarke and Foreign Minister Guido Di Tella at the Foreign Ministry.

Clarke said: "Our viewpoints agree on most issues linked to international trade."

Clarke added that we, Argentina, and the United Kingdom, "have the goal of becoming leading countries in those regions where we are involved."

Within the framework of a visit during which a number of measures for increasing Argentine-British trade were agreed upon, Clarke emphasized: "This level of relationship permits increasing Argentine-British trade."

Rogelio Pfirter, the Argentine ambassador to the United Kingdom, and entrepreneurs from the UK delegation, among other diplomatic corps officials, participated in the agreement signing ceremony.

For his part, Di Tella emphasized: "Our relationship with the United Kingdom has become very cordial and very warm, even though the two governments have perfectly identified the point of discussion, the point of disagreement, which lies in everything linked to the South Atlantic."

Di Tella said Argentine-British relations "are not entirely normal due to the disagreement caused by the South Atlantic problem, but have great prospects for development."

During his brief speech, the Argentine foreign minister emphasized that the UK investments in Argentina "have surpassed all the estimates and we still hope for the arrival of more capital."

Finance Secretary on Fulfillment of All IMF Targets

PY0301233096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1044 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (NA) — Finance Secretary Ricardo Gutierrez has announced that the Argentine Government has met "all" the 1995 IMF "targets" and has received from local and foreign banks $1.45 billion on tax deferrals.

A group of 11 local banks, headed by the Banco de Galicia, Banco Rio, and Banco Frances, has loaned 900 million pesos whereas a group of foreign banks, headed by the Morgan Bank and the Chase Manhattan Bank, has loaned 550 million pesos.

Gutierrez explained that most of the funds loaned involve pesos rather than dollars. He noted that most of the documents issued involve social security deferrals and only a small portion involve tax deferrals.

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The finance secretary added that the regulations on the issuance of Tax Certificates [Certificados Fiscales] would be announced this month.

Gutierrez indicated that the decree on the allocation of funds for government offices would be based on a balanced budget. He explained, nevertheless, that the announcement of this decree depends on the president's decision on the Profits Law and the cigarette tax law.

Gutierrez added: "We are awaiting President Carlos Menem's final word on these laws."

The finance secretary noted that, if there is an increase in expenditures as a result of the approval of these two laws, "a budget cut, equally affecting all areas, will be implemented."

Gutierrez emphasized: "It is not a lot of money and everyone will have to make equal efforts."

The finance secretary explained that the budget cut "would not involve" a wage reduction and would be implemented based on the decisions made by each area. He noted that the cut could be applied on personnel, transfer, or operational expenditure allocations.

Gutierrez added: "The reduction will not involve the legislative and judicial branches. It will affect the executive branch alone."

Gutierrez believes the cut "would involve much less" than 400 million pesos, "involving less than" 1 percent of the total budget.

The finance secretary pointed out that until the appropriate decree is published in the official gazette, no one is authorized to make any expenditures on the 1996 budget.

Gutierrez emphasized that "all the targets" agreed upon with the IMF, such as the fiscal targets and the targets on reserves and domestic assets, "have been met."

Gutierrez noted: "Pursuant to all the information available to me at this moment, all the targets have been met." He announced that another IMF delegation will come by late January to renegotiate the 1996 agreement.

The finance secretary said December "was a successful month" due to funds from abroad which "prove there is confidence in our economic program."

Speaking at the Finance Ministry yesterday, Gutierrez indicated that 513 million pesos, disbursed by Japan's Eximbank and the IMF, have been received over the past few weeks.

Gutierrez admitted that December appeared to be a "financially troublesome" month. He said: "It was a puzzle that was put together piece by piece and was finally successful."

Cavallo Notes Improvement in Economy Following Recession

PY0201234696 Buenos Aires TELAM in Spanish 1855 GMT 30 Dec 95

[FBIS Translated Text] Buenos Aires, 30 Dec (TELAM) — Economy Minister Domingo Cavallo admitted that 1995 was a recessive year, but emphasized that an improvement has been experienced over the past few months.

Upon making an assessment of the 1995 economy, the economy minister said: "We still don't know how much (the economy) declined in 1995 as we still don't have the data for the last two quarters." Nevertheless, he emphasized: "An improvement already became noticeable in September and in the following months."

Cavallo explained: "As far as the economic activity rate is concerned, it is possible that we will still be under the December 1994 economic activity rate, but the yearly economic activity rate, as compared with that of 1994, will only become known in February or March when the estimates are complete."

Nevertheless, Cavallo admitted: "Without a doubt, 1995 was a recessive year. Nevertheless, this recession was not as serious as the Mexican one or the one some people had estimated for Argentina. This recession, however, was actually more serious than the one we had estimated or attempted to achieve."

The economy minister explained: "Our goal for 1995 was to achieve economic growth, although with a reduced growth rate. It seems that the GDP will drop, but only slightly, in 1995."

With regard to the cost of living, Cavallo emphasized: "The December inflation rate would total 0.1 to 0.2 percent. I believe the yearly inflation rate would total 1.6 to 1.7 percent, which is among the lowest ones in the world and the lowest one in our history since 1943."

Armed Forces Confirm Support for Government Reforms

PY0301163796 Buenos Aires TELAM in Spanish 1102 GMT 1 Jan 96

[FBIS Translated Text] Buenos Aires, 1 Jan (TELAM) — Joint Chief of Staff General Mario Candido Diaz has confirmed the Armed Forces commitment to support the process of transformations sponsored by the national government.

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We, the Armed Forces, "have given ample proof that we support this very important process of change in our society," Gen. Diaz emphasized. The officer said that the military "will continue working hard because we can see an auspicious future before us."

Diaz acknowledged to TELAM that in order to implement all programs with the 1996 budget, the Armed Forces "will have to take harsh rationalization and austerity measures." "This year we have basically the same budget we had in 1995," he said, adding that "it will not be easy" to operate normally.

Diaz said that Argentina might send a group of Blue Helmets to eastern Slovenia if there is "a UN Security Council resolution increasing the number of troops currently deployed in the region."

The joint chief of staff said that if we receive "a formal request, we will select the personnel and provide them with the required training and equipment."

Diaz stressed that the military "is totally convinced" of the usefulness of participation in UN peace missions, and in that context he pointed out: "Just as people's attitude about life conditions their future, the attitude of each nation when facing world problems will condition its future."

The military chief said that "in order to enjoy the benefits of freedom and democracy, one must be willing to assume risks and responsibilities to defend it."

Diaz concluded by making a positive evaluation of the first year of implementation of the professional and voluntary military service.

"The outcome has been highly positive. Citizens have shown an outstanding degree of assimilation. The voluntary military service is up to our expectations," Diaz concluded.

Army Chief of Staff Sees Movement Toward Reconciliation

PY0301124396 Buenos Aires TELAM in Spanish 1701 GMT 1 Jan 96

[FBIS Translated Text] Mar del Plata, 1 Jan (TELAM) — Lieutenant General Martin Balza, the Army chief of staff, today noted that our country is headed for reconciliation.

In remarks to journalists made upon arriving in this city, the Army chief of staff said: "We are taking small steps on the path of reconciliation of all Argentines."

Nevertheless, Balza pointed out: "Reconciliation and the final unity of all Argentines will not be easy to achieve, and perhaps will not be achieved as quickly as all of us would like."

Upon briefly assessing 1995 developments, the Army chief of staff expressed his satisfaction over the implementation of the voluntary military service and "over the final incorporation of women in military activities."

Balza emphasized: "We are beginning this year very optimistically." He will rest at this beach resort, where he will practice one of his favorite activities: indoor swimming.

Air Force Chief of Staff Urges Upgrading of Forces

PY0301124296 Buenos Aires TELAM in Spanish 1252 GMT 1 Jan 96

[FBIS Translated Text] Buenos Aires, 1 Jan (TELAM) — Brigadier Juan Paulik, the Air Force chief of staff, has noted that the 1996 Armed Forces budget should be used to upgrade the operational capacity of the military forces.

Paulik explained to TELAM: "The goal for 1996 will involve upgrading our operational capacity to achieve maximum efficiency with the funds available."

Paulik emphasized that the current budget status prompts the Armed Forces "to proceed in the best way possible in these times of transformation, discharging the duties assigned."

The Air Force chief of staff added: "The Armed Forces must be modernized and capable of facing the coming century's requirements."

Moving on, the Air Force chief of staff noted that the 36 Skyhawk A-4M's Argentina purchased from the United States "will be fully operational between May 1997 and May 1998."

The incorporation of these aircraft "will represent a real challenge, as it will not only require the unit receiving them to implement adjustments, but will also require appropriate training for the pilots, who will be operating sophisticated equipment."

In concluding, Paulik said the Skyhawk A-4M planes are equipped with "sophisticated systems and advanced technology that will permit pilots and experts to gain access to systems and equipment used by the most advanced forces."

Cabinet Chief Anticipates Partial Veto of Patents Bill

PY0201203596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1743 GMT 2 Jan 96

[FBIS Translated Text] Chief of Cabinet Eduardo Bauza anticipated this afternoon that President Carlos Menem

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will partially veto the patents bill before the deadline for promulgation tomorrow.

The official said he will recommend to the president the use of a partial veto and promulgate the bill in order "not to hurt Argentine interests" on the subject.

Bauza also said that he will suggest the approval of the bill on profit taxes and the bill establishing a 7 percent increase on cigarette taxes without objections.

Bauza made this decision after a meeting with Economy Minister Domingo Cavallo and Foreign Minister Guido Di Tella at Government House.

Participating in the meeting were Cabinet Coordination Secretary Alberto Garcia Lema; Horacio Liendo, Economy Ministry legal and technical secretary; and Felix Borgonovo, presidential legal and technical secretary.

Bauza was the only official who spoke with reporters at the end of the meeting. He said: "We have agreed to recommend to the president to partially veto the patents bill."

"We also recommended that he not veto the bill on profit taxes and cigarette taxes," Bauza said.

Regarding the section of the patents bill that the president would veto, Bauza said: "It is complex to explain it now. It would not be possible to do it in a short time, but it is a partial veto that puts the bill within the framework of GATT and respects Argentina's commitments at the international level."

Bauza said the president "will have to make a decision on these recommendations" shortly because "the deadline to veto the patents bill is tomorrow."

Asked if the veto will change the periods for Argentine laboratories to start paying patent rights, Bauza recalled that "there is a pre-established period for not paying patents, it is a GATT norm establishing a minimum of one year and a maximum of 10 years."

"Argentina has taken an intermediate position within the minimum and the maximum periods," Bauza added.

Asked if the decision to partially veto the bill will affect U.S. interests in this area, Bauza said: "We cannot talk about U.S. interests or Argentine interests."

"We are trying to approve a general rule that takes into consideration particularly the country's interests, not the interests of U.S. or Argentine businessmen, but the people's interests," Bauza concluded.

Menem Issues Partial Veto on Patents Bill

PY0401022296 Buenos Aires TELAM in Spanish 0038 GMT 4 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (TELAM) — President Carlos Menem today partially vetoed the patents bill through Decree No. 3/96, thus closing a cycle that began in March 1995 when Congress approved the first bill for regulating intellectual property rights.

The decree, signed by the president, Chief of Cabinet Eduardo Bauza, and other ministers, says: "Objections are hereby raised to Article 2 of Bill No. 24,603."

The partial objection was raised against an article approved in Congress that entitled Congress to "integrally and solely" implement "all the regulations" concerning patents.

In the preamble, the executive branch emphasizes that Article 2 of the bill "does not integrally and solely implement the (international) treaties approved by the previous laws (Nos. 17,011 and 24,425)" on patents.

The decree adds that the bill does not sufficiently safeguard "the inventor rights as established in Article 17 of the Constitution." It also notes that the goal of the lawmakers can in no way be interpreted as a denial of the PEN's [National Executive Branch] right of issuing the required instructions and regulations for enforcing the national laws."

The grounds issued tonight by the executive branch explain: "In this regard, the portion objected to in the bill (No. 24,063) would represent a precedent that would affect the operational independence of the branches established by the Constitution."

The decree ultimately noted: "The executive branch is entitled to issue the current decree by virtue of Article 80 of the Constitution."

The decree was also signed by Chief of Cabinet Eduardo Bauza, Education Minister Jorge Rodriguez, Economy Minister Domingo Cavallo, Defense Minister Oscar Camilion, Health Minister Alberto Mazza, Justice Minister Rodolfo Barra, Foreign Minister Guido Di Tella, and Labor Minister Armando Caro Figueroa.

Law No. 24,063 was an explanatory law, approved on 6 December, for abolishing PEN Decree No. 590. Law No. 24,063 had four articles alone.

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Committee Chairman Urges Rejection of Patents Bill Veto

PY0401024096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0108 GMT 4 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (NA) — Justicialist Party Deputy Humberto Roggero, Chamber of Deputies Industry Committee chairman, today said that what Congress must do after the president's veto of the patents bill is "work to reject the veto with two-thirds of our members present, once ordinary sessions resume."

Roggero explained that "first the Senate, as the chamber where the bill originated, will have to reject it. Then the Chamber of Deputies, as the reviewing chamber, will have to reject it too."

Roggero said that "the veto substantially changes the bill" because "by vetoing Article 2 the government puts Decree 590 into effect again, which is what is being sought."

With respect to the issue of extraordinary powers for President Carlos Menem, the Cordoba deputy said: "It is not an easy vote for Congress," adding that if in addition the executive "vetoes the bills we approve our existence becomes useless."

Roggero emphasized that "the patents bill approved by the Senate in 1994 was the result of an agreement between the government and the legislative branch," adding that afterwards "there was pressure from abroad" that encouraged the government to try to change the agreement.

Roggero said that some Economy Ministry employees "have ears that have become overly sensitive" to U.S. pressure.

The deputy concluded by saying that Economy Minister Domingo Cavallo has assumed "a reckless attitude" when saying that there are lobbies in Congress that have offered money to legislators to vote in certain ways. Roggero said that this type of thing occurs when the other party "does not have any arguments" and "tries to besmirch those who do not think like him."

Bolivia

Minister Explains Importance of Decentralization Law

PY0301224896 Cochabamba LOS TIEMPOS in Spanish 24 Dec 95 p A2

[FBIS Translated Text] La Paz — Social Communications Minister Irving Alcaraz has reported that the cabinet of ministers approved the decree regulating the Decentralization Law, but it will not be promulgated until 29 December.

The decree and the Decentralization Law both become effective on 1 January 1996. The minister said the decree has more than 100 articles, "is very complex and innovating," and is necessary for the country.

It deals with the transfer of political and administrative jurisdictions from the central government to the departments.

The document establishes norms on how to handle departmental budgets, which contemplate appropriations for investments, including projects that were implemented by regional development corporations prior to their transfer to the Prefectures [departmental governments].

The rules also establish the attributions of prefects, the concept of departmental administration, the way to elect Departmental Councils, and the attributions of the Councils.

Alcaraz said: "It is a very complex issue," adding that the cabinet of minister approved the decree after two sessions. The second session, on 23 December, lasted five hours.

Once the decree has been promulgated the public will have a chance to read it "and carefully analyze it because it is very difficult to understand it right away," the minister said.

On 1 January, the Decentralization Law and the decree regulating it will become effective. This is causing a lot of expectations because "we will be able to see departmental powers in action."

The minister said Bolivia "will become a completely different country. We have harmonized very arduous technical work" on the decree to regulate the Decentralization Law, the municipalities, and the People's Participation program. Alcaraz added that these programs have become inter-connected.

The social communications minister said that cabinet ministers thought the decree could not be approved on 23 December because it was very "complex," but we went ahead and finished analyzing it. Alcaraz said that only a "few formal changes will be made" before the ministers sign it and it is promulgated.

The minister said the date for promulgating the decree "is not too important" because "the Decentralization Law will become effective on 1 January anyway, while the decree regulating it could become effective on 2 January," Alcaraz said.

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This approval "simply marks the successful conclusion of the study of the norm," the minister concluded.

Brazil

Congress To Vote on Reforms, Budget Cuts, Sivam

PY0401001796 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 3 Jan 96

[FBIS Translated Text] President Fernando Henrique Cardoso has summoned Congress to speed up voting on the reforms and the budget. In the normal congressional schedule, Congress would only resume activities on 15 February, but the government wants to begin the legislative year earlier because it knows that activities will end earlier also. As 1996 is an election year, what is not voted on in the first semester will only be voted on next year.

President Cardoso met Vice President Maciel and both decided that congressmen will be summoned on 8 January and work until 14 February. Cardoso also established priorities:

[Begin Maciel recording] The government has made a work...[pauses]. The government will make an extremely selective summoning, particularly because we cannot demand too much in too short a period of time. [end recording]

The government wants Congress to vote as soon as possible on reforms for the public administration area, the fiscal area, the social security area, and the basic education area. Also to be voted on are: the contribution to financial operations, which will be used to finance the health area; the fiscal stabilization fund; as well as provisional measures and the national budget, which is a mandatory priority.

In addition to cutbacks that will be implemented in the national budget as a result of a delay in approving the funds, the government is also subjected to cutbacks that Congress will vote on. In an election year, collective amendments approved by congressmen are deemed more important than new public works, investments, and financing. Using a political criterion, the budget rapporteur cut 3.5 billion reals [R] from the budget that has been proposed by the government in order to comply with the amendments proposed by the political parties.

[Begin recording] [Deputy Ibere Ferreira, Liberal Front Party-Rio Grande do Norte] After all, if the congressional bloc of a state decides that a public work is a priority, it is evident that to approve such a public work, the political and technical aspects will also be taken into consideration, as well as other reasons why the public work is a priority to the people. [end recording]

Deputy Ibere Ferreira also reported that the R240 million earmarked for the Sivam [Amazon Region Surveillance System] will be cut from the budget too. The government wants the Senate to define, the soonest possible, the future of Sivam.

Article Addresses Mercosur, EU Trade Integration

PY0301173096 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Dec 95 p A4

[Article by Maria Clara R.M. do Prado from Madrid]

[FBIS Translated Text] Objective negotiations about tariffs and technical norms, which will give consistency to trade relations between the EU and the Common Market of the South [Mercosur] member countries, will probably start only in 2002. These negotiations will be held within the framework of the Inter-Regional Cooperation Accord, the first stage of which has been signed on 15 December in Madrid. Integrated trade between the two blocs is not expected to begin before 2010.

By postponing the prospects for concrete negotiations about sensitive aspects of foreign trade, particularly the ones linked to agriculture, the signatories of this first stage of the Inter-Regional Accord are, as a matter of fact, opening a door with extreme care in order not to have to close it again immediately.

Everyone agrees that the difficulties lying ahead are huge and that Europe first has to solve serious problems before engaging in an effective integration with the Mercosur. In addition to the influence that admittance of East European countries into the EU will have on the decisions of the entity, and to the macroeconomic adjustments required to join the EU — which are already mobilizing the socialist parties and the labor unions in order to maintain the level of employment and salaries, as well as other social achievements — there is the need to review the agricultural policy in its entirety. This will imply the transference of express sums of money.

"Changes in the agricultural policy are unavoidable and will have to occur sooner or later. In addition, the European countries must begin to debate the issue in order to decide how to reallocate the resources that are currently earmarked for agriculture (as a result of subsidies and subventions, expenses involving the agricultural area can total as much as $60 billion, if we consider only the sums that are involved in the budget)," Spanish Trade Minister Javier Gomes Navarro said in Madrid on 15 December.

The difficulty lies in administering disputes about a redistribution of resources that will force the European

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agricultural area to seek effectiveness in order to compete, later on, with the Brazilian, Argentine, Paraguayan, and Uruguayan products. It is being said that nothing effective will result from this first integration accord between the EU and the Mercosur before the year 2000. Uruguayan President Julio Maria Sanguinetti, who is the Mercosur president, said: "We (the governments) cannot replace entrepreneurs in their productive tasks. Our task is to open up paths, to build spaces, and to ensure stability so that the entrepreneurial activities can be carried out securely."

He added: "We have to continue implementing this deregulating process because we are beginning to construct something that has no relation to the old protectionist associations of the past. With the economy of scale pursuing more wealth, however, we must try to transform the infrastructure and obtain better profit from globalization." Sanguinetti made these comments after the 15 December ceremony in which the Inter-Regional Cooperation Accord was signed by the EU and Mercosur member countries.

"It is evident that it is sensitive, it is evident that it will be complex, but it is also evident that we could not accept an accord of this sort without including the agricultural area in it," Jorio Dauster, Brazilian ambassador to the EC, told this newspaper. On the Mercosur side, there are also very sensitive aspects, not only in the areas of informatics and capital goods, where there are very few possibilities of competition, but also in the area of services. The Mercosur member countries bet that until the beginning of the year 2000, the region will have already been benefited by a massive inflow of direct foreign investments — which are expected mostly from Europe in view of the recently signed accord — because by then, their economies will have succeeded in obtaining the degree of effectiveness and productivity required to compete in a more balanced manner with their partners from developed countries.

Polls indicate that Mercosur exports to the EU are still extremely concentrated in the area of agricultural products, which totaled 55 percent of overall 1994 exports. They add that a small percentage — nearly 15 percent — involves products that are subjected to European protectionist measures, but now is not the moment to check what is and what is not subjected to protectionist barriers. What is being sought is to change the profile of Mercosur trade with Europe and to increase the value of each exported unit and its required effectiveness. Only 5 percent of the Mercosur exports to the EU represent machinery and equipment, 3 percent involve transportation material, and 3 percent the sale of chemical products.

EU exports to Mercosur, however, consist basically of machinery and equipment (which represented 40 percent of the overall sales to the region in 1994), chemical products (17 percent), and transportation material (15 percent). Figures unquestionably show that there can be no doubts about the type of discussions to be expected in the future as agreements between the two blocs are gradually reached

There is, undoubtedly, a huge potential to be used in the future. A study conducted in the EC indicates that between 1993 and 1994, the sale of EU products to Mercosur in general increased by 40 percent as a result of the deregulation process implemented by the four Latin American countries. As President Sanguinetti pointed out, inter-regional trade within the Mercosur increased from $2 billion to $12 billion in the last five years.

Ambassador Dauster emphasized that within the new framework whose design will begin to take shape in 1996, there will be no more space for the Mercosur member countries within the so-called Generalized System of Preferences [GSP]. The GSP will be looked upon as something of the past. "Currently, from 16 to 17 percent of the Mercosur products sold to the EC are included in the GSP, but we will have to stop thinking about that," Dauster said. He pointed out that within the new concept of globalized trade, GSP treatment will no longer be as important as it is within a closed trade system, which is guided by protectionism. In addition, Dauster said, the GSP does not apply — as it did in the past — to countries such as Brazil, and this occurs for a very good reason: "The level of Brazilian society is being reevaluated because our per capita income is well above the established minimum, and the GSP will continue to exist only for countries that are deemed poor," he explained.

Commentary Views Pressure for Cabinet Reshuffle

PY0401020096 Rio de Janeiro O GLOBO in Portuguese 1 Jan 96 p 4

[Commentary by Franklin Martins: "Each One's Game"]

[FBIS Translated Text] President Fernando Henrique Cardoso's friends who traveled to Asia with him say that it is not in the president's plans to conduct a cabinet reshuffle in the next few months. Not because the president is satisfied with the performance of all members of his team. As a matter of fact, he is not. From the political point of view, however, everyone is convinced that it would be a mistake to make changes in the cabinet right now. It would only wet appetites and would not satisfy anyone's hunger.

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This concept makes sense. The ideal thing for the president to do would be to wait for the results of the municipal elections that will be held this year. The ballot box returns would supply objective criteria to measure the correlation of forces among the parties that support the president and to determine the weight of each ministry. In addition, the elections will be held when President Cardoso's period in office will be at the half-way point. This is the moment when a president begins to prepare his succession by generally making up a team able to lead the government toward winning the most decisive of all battles: that of remaining in office.

Not everything, however, depends on the president. Cardoso is still very strong, much stronger than any of the parties that make up his congressional base, but this does not mean that he will be able to resist, indefinitely, to pressures being exerted on him in order to reshuffle his cabinet. These pressures are increasing, as the recent crisis with the Liberal Front Party [PFL] has shown.

The PFL members believe that their participation in the government's first echelon is too small and is not up to the great weight the party has in Congress. The ministries they are now occupying are peripheral, such as the Environment Ministry, secondary, such as the Mines and Energy Ministry, or problematic, such as the Social Security Ministry. These ministries do not influence the government's political or economic nucleus. The PFL would like to move forward the cabinet reshuffle. If possible to January or, at most, February.

This also makes sense. Nowadays, whether President Cardoso likes it or not, he depends on the PFL to see his program of reforms approved in Congress. Constitutional amendments demand favorable votes of three-fifths of the deputies and senators. This is an extremely high quorum, almost unattainable without the decided support of the PFL, which is the largest party in Congress. Once these amendments are promulgated, however, the situation will change. The administration will no longer need, as it does now, the votes of 309 deputies. It will be enough to mobilize 257 deputies to approve the supplementary laws or, less still, to approve ordinary laws, which call only for the support of the majority of the congressmen present in the voting session.

The Chamber of Deputies is expected to vote on the constitutional amendments that modify the social security area, the public administration area, and the fiscal system before March or April. The Senate is expected to complete the voting before June. By then, President Cardoso may be able to get rid of the chains that are tied to his feet and become a president who has ordinary — and not extraordinary — needs regarding the majority of votes at Congress. It is evident that when this occurs, the PFL's political importance will decrease. This is why the party is intensifying its pressure on the government. As Geraldo Vandre [Brazilian pop singer and composer] would have said: "The one who knows better makes things happen and does not wait for them to occur."

Another factor tends to precipitate changes in the first government echelon: the municipal elections. The Brazilian Progressive Party [PPB] is currently the third largest party in Congress. Although it supports President Cardoso, it does not have any ministry. It should have had three ministries because its congressional bloc is almost as numerous as the PFL's and that of the Brazilian Democratic Movement Party [PMDB], both of which have this number of ministries. The Brazilian Labor Party has two ministries and the size of its congressional bloc cannot even start being compared to that of the other aforementioned parties.

So far, the PPB has been acting with resignation and trusting that the president of the Republic will find, at any moment, a way of meeting the demands of this party. There is a limit, however, to patience and the limit to the politicians' patience lies on their electoral interests. Why will the PPB, which disputes an electoral space with the PFL and the PTB, accept to present itself before the voters as a second-echelon government-supporting party, which is good only to vote for the president's proposals at Congress but not to head a ministry?

The PMDB is in an almost similar situation. Formally, it is represented in the cabinet — one does not know however, whether it is with three or two and one-half ministries because so far it has not been possible to establish clearly whether Regional Development Secretary Cicero de Lucena belongs to the first or second government echelon. Anyway, the party does not feel as if it were part of the government. Nelson Jobim and Odacir Klein, who head the justice and transportation ministries, are members of the Rio Grande do Sul sector of the party. In the PMDB's internal life, this sector oscillates between dissidence and abstinence. Deep inside they are members of the PMDB, but have PSDB characteristics. They can be a success at Planalto Palace, but not at a PMDB convention and the party would thus like to replace them.

Let us ask, however, whether the PSDB — which is the president of the Republic's party — is satisfied. Considering the movement taking place behind the scene, however, we can say that it is not. Communications Minister

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Sergio Motta would love to run over Planalto Palace's kitchen with his tractor. Planning Minister Jose Serra, who is an example of discretion, makes a few restrictions to the theses that predominate among the members of the economic team. The Minas Gerais PSDB would like to see former Deputy Pimenta da Veiga heading one of the ministries.

All in all, President Cardoso will be exposed to extremely strong pressures from now on. The cabinet reshuffle may not take place before February, as the PFL wants, but it will be hardly postponed until the end of the year, as President Cardoso would like it to. I would say that April or May is a good guess.

Chile

Air Force Commander on Argentine Criticism of Maneuvers

PY0301163996 Santiago EL MERCURIO in Spanish 30 Dec 95 p C1

[FBIS Translated Text] Chilean Air Force [FACh] Commander General Fernando Rojas Vender said yesterday that the criticisms by some Argentine sectors of the maneuvers the FACh will carry out in the Southern Glaciers in January, which include the establishment of a base in the zone, are "inexplicable."

Yesterday, at the end of a ceremony to celebrate the anniversary of Aviation Group No. 10 at the Santiago airport, Gen Rojas Vender was asked whether the FACh had informed the Argentine Government about the maneuvers it intends to start on 2 January.

Rojas Vender explained that "the FACh has no need to inform the Argentine Government because it (the mission) will be fully carried out within Chilean territory, south of Villa O'Higgins, so there is no question about the matter. Moreover, the FACh moves freely in Chilean territory."

This month the FACh announced it will carry out a 20-day aerial operation called "Hielo Azul" [Blue Ice] in the Southern Glacier zone, a glacier area in the Eleventh Region. The southern area of this zone is disputed with Argentina.

For several years now the FACh has been carrying out reconnaissance flights over the area for the purpose of cartographic studies and believes it is now time for new maneuvers in the area in order to train the FACh members to carry out operations in that zone.

Regarding that specific zone, with a 2,500 km extension, the only border point regarding which a controversy with the neighboring country still exists, Presidents Patricio Aylwin and Carlos Menem signed an agreement in 1991 dividing it into equal portions. This treaty is yet to be ratified by the congresses of the two countries.

The operation the FACh intends to carry out includes the creation of a base north of the zone in dispute, where two Twin Otter aircraft of the Punta Arenas Fourth Air Brigade, with the support of two UH-1H helicopters of the Santiago Group No. 9, will carry out operations.

The announcement of this mission and the installation of a base prompted various reactions in Argentina, where some sectors voiced their opposition because it is a zone still under dispute.

Rojas Vender said that these fears are "inexplicable" because the operations will be fully carried out in Chilean territory, west of Villa O'Higgins.

Rojas Vender refused to comment on whether or not the protests in Argentina respond to a campaign by vested Argentine sectors. He stated briefly: "You know the media better than I."

The Air Force commander explained that several regional and government authorities have been invited to the zone to become personally acquainted with it.

Defense Minister Edmundo Perez Yoma and Foreign Minister Jose Miguel Insulza are among some of the people who may visit the seasonal base in the Southern Glacier area.

The presidents of the defense committees of the Senate, Arturo Frei Bolivar, and of the Chamber of Deputies, Ignacio Walker, both of whom belong to the Christian Democratic Party [DC]; Senators Antonio Horvath (independent) and Adolfo Saldivar (DC), and Deputies Valentin Solis (RN) [National Renewal] and Hector Zambrano (DC) of this zone, as well as Silvia Moreno, intendant of the Eleventh Region, among others, have also been invited.

Previously, the FACh announced that a group of scientists of the Chilean Antarctic Institute would also be invited to the zone.

Rojas Vender also mentioned yesterday the tasks that FACh expert officers [commandos], who will participate in the installation of the summer base, will carry out.

He said: "For many years now we have been using these groups in the Antarctic to set up new camps and bases, as well as to assess the terrain where we are planning to operate and perform the same tasks they will carry out in the zone of the Southern Glaciers."

He added that these groups lay roads, set up and maintain camps, and identify feasible areas and outline possible landing strips thanks to their training and

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expertise, which allows them to detect cracks and flaws in the terrain that could harm the planes that must land in the zone.

UN Security Council Position as Nonpermanent Member Noted

PY0301163396 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 3 Jan 96

[FBIS Translated Excerpt] Today Chile officially joined the UN Security Council as a nonpermanent member. It is holding one of the two posts reserved for Latin American countries.

Chile was able to join this select group of countries by obtaining one of the highest number of votes in the UN Security Council's history. As of today, Chile will play an active role in one of the most important international policy forums. [passage omitted]

Juan Somavia, the Chilean ambassador to the United Nations, has said that Chile will seek to raise issues — such as the fight against poverty — which have been somewhat neglected in the past few years in view of the emphasis granted to peacekeeping operations.

Government To Start Trade Negotiations With Canada

PY3012004995 Santiago EL MERCURIO in Spanish 29 Dec 95 p A1

[FBIS Translated Excerpt] In face of the postponement of the negotiations for Chile's entry into the NAFTA, the Chilean and Canadian Governments agreed to start negotiations to reach a bilateral economic and trade agreement.

The announcement will be made today simultaneously in Ottawa and Santiago. Finance Minister Eduardo Aninat will make the announcement in Santiago.

The agreement to start negotiations was reached during the latest meeting between Aninat and Canadian Minister of International Trade Roy MacLaren after evaluating the situation created by the postponement of negotiations with the NAFTA until 1997.

The intention of the Canadian and Chilean Governments is to prevent the paralyzation of the development of understanding reached one year ago during the Miami summit about the opening of markets in the continent and the creation of a great hemispheric free trade zone.

Ever since the possibility of extending the NAFTA membership emerged, Canada was a strong supporter of getting our country into that common market. Canada also made clear that if the negotiations to get Chile into NAFTA failed, the second choice would be a bilateral agreement with Chile.

With this step, Canada continues to consolidate its policy that was defined four years ago for a great rapprochement toward the region and to lead the process of hemispheric integration through independent relations.

This was verified two weeks ago when Canada established a mechanism of permanent consultation and political agreement with the Rio Group, which gathers most of the democratic governments of Latin America and the Caribbean.

Although all the aspects to be included in the Chilean-Canadian bilateral agreement have not yet been defined, the two governments realize that it must be an agreement that must be reached as soon as possible. [passage omitted]

The economic and trade relations with Canada are promising. Trade with Canada has increased 80 percent in the last seven years, reaching 534 million Canadian dollars (about $411 million) in 1994.

Chilean exports to that market reached 236 million Canadian dollars (about $182 million) in 1994. According to official figures, sales increased 52 percent during the first six months of this year in comparison to the same period last year.

Canadian exports to Chile reached 298 million Canadian dollars (about ($229 million) in 1994, mainly for the sale of equipment for mining, wheat, and other grains.

In the first six months of this year, Canada was the main investor in our country with 1.6 billion Canadian dollars (about $1.231 billion).

Once an agreement is reached with Canada, only a trade agreement with the United States would be needed. It is expected, however, that the next step will be the Chilean incorporation into NAFTA. [passage omitted]

President Frei Views Achievements, 1996 Agenda

PY0301195096 Santiago EL MERCURIO in Spanish 30 Dec 95 pp A1, A19

[FBIS Translated Text] President Eduardo Frei has announced that government policies to modernize the state and attain greater equity in areas of education, health, and justice will be strengthened next year. He said these priority policies will compound the positive results achieved in 1995.

To achieve this he ordered his cabinet to design and polish a "new social thrust" which will be clearly endorsed by the ministers within the next few days at a

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special meeting when a clear directive will be issued to guide the entire administration.

Last night the president delivered his year-end message via a national radio and television network. He stressed the economic achievements of 1995 which are reflected in better salaries, more jobs, greater production, and better infrastructure.

Frei added that Chile cannot rest while acute social differences prevail and while broad poor sectors are neglected, and for this very reason he reaffirmed the social line of his administration which he called "a government of change."

Concerning the possibility that some sectors may feel reluctant to changes in the social and political areas, he promised to do everything to consolidate the program he has established. He said: "My decision is to keep working cheerfully to overcome all obstacles and idleness."

Pointing out that some are opposed to change, Frei explained that they "want things remain as they are. Some no longer want democracy and for others it is difficult to accept social equality. Finally, there are those who do not understand the need to improve efficiency in all areas."

He said: "We cannot be paralyzed nor entangled." He then called on all public and private sectors to put more enthusiasm and energy into the pending matters which the country urgently demands.

The president also referred to outstanding political matters from 1995. He said all institutions were strengthened by the ruling in the murder case of former Foreign Minister Orlando Letelier.

He urged all political and social sectors to keep along the path of peace, based on the policy of agreements and mutual respect.

He said: "We must work together and learn how to overcome our differences in a less boisterous and more effective manner."

He said he wants the national reconciliation proposal that he offered the country to be finally supported by congressmen, although he admitted that some sectors would rather remain in the past.

He said: "My obligation and commitment is to be the president of all Chileans, to guarantee national unity, and to govern for the benefit of the people without getting involved in endless discussions or artificial divisions."

The president, who will spend this weekend in Cerro Castillo to celebrate the New Year at Sea, finally invited all Chileans to look to the future with confidence and optimism because the year that is ending has been generous in achievements.

Frei added that after an extremely successful year concerning the economy, "we have more jobs and better incomes. We produced more goods and services than ever before, and exported more products to a larger number of countries in the world."

He said the salaries of public employees and pensions have been readjusted above the increase in the cost of living.

He said this is so because in 1995 Chile achieved the highest growth — the highest in Latin America — as well as the lowest inflation rate in the past 35 years, with high levels of savings and investments.

He added that physical and communications infrastructure are improving fast.

He said: "In 1995 my government made decisions on national physical infrastructure which will decisively change the image of the country within the next few years. Thus, for instance, the highways infrastructure has been improved through the law of concessions, which has helped to substantially increase investments by the private sector in these projects. Thus, by 2000 we will have a double-lane highway between La Serena and Puerto Montt."

He added that Congress is studying a proposal to have more and better ports. The participation of private companies in passenger railroad services "will facilitate a reliable, fast, and competitive railroad between Santiago and Puerto Montt."

He added that the regulatory framework proposed for sanitation companies will help achieve, between now and 2000, the provision of 100 percent potable water and treatment of 70 percent of sewage water throughout the country. He added that the energy policy, especially concerning natural gas, will provide all Chileans with cheaper and less contaminating energy.

He said: "I trust the proposals that are under discussion today in Congress will be quickly approved, to help us to keep growing in the achievement of our program."

Although he said the results of the year are extremely favorable, the president added that poverty, backwardness, and acute social differences prevail, and so "we cannot rest or feel satisfied."

He announced that for this reason a powerful and categorical thrust will be given in 1996 to modernization and equity programs, especially in the areas of education, training, health, housing, and justice. He added

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that measures will be adopted to strengthen the struggle against drug consumption, to fight drug trafficking, and to repel crimes.

Frei said the government acted resolutely in 1995 "to heal wounds of the past, to achieve reconciliation, and to improve democracy."

He recalled that "some raised their voices ahead of time to say that in Chile the state of law would not be respected," and added that "these voices have been denied by categorical and irrefutable facts. My government has resoled a difficult situation and we did so without making a fuss, with patience and prudence."

He repeated his call to continue along the path of social peace, based on agreements and mutual respect.

Within that spirit, he said he expects finally "the national reconciliation proposal that is being discussed in Congress will be accepted. We must assume once and for all that the Constitution needs to be improved, and we must do what we can to clear the fate of the missing-detainees. Despite the incomprehension of some who remain attached to the past, the reconciliation task and that of democratic consolidation is a permanent task of my government."

Frei stressed that the country longs for unity, justice, and a coexistence based on respect and solidarity, because it wants to look forward through leaders working for the common good.

He said he knows that by promoting the modernization of Chile, and by seeking greater equity for the people, his government must face the natural opposition to possible changes.

He concluded: "My government seeks modernization. And what does this modernization imply? More democracy, more social equality, and more efficiency. This will prepare us for the next century."

Christian Democrat Deputies Outline 1996 Priorities

PY0301192096 Santiago EL MERCURIO in Spanish 30 Dec 95 p C2

[FBIS Translated Text] The bloc of deputies of the Christian Democratic Party [DC] yesterday disclosed the list of subjects on which they will focus their legislative activities during 1996. They noted that their priorities are set on improving the situation of the agricultural sector, especially the development of rural and peasant sectors, as well as the family and the social policies designed to fight poverty.

This information was disclosed by Deputy Renan Fuentealba, head of the DC bloc who, together with his colleague Ignacio Balbontin, outlined the main subjects they will focus on during 1996. They also briefly assessed the activities of the past year.

In this regard Fuentealba said that during 1995 the deputies' activities were marked by their unwavering loyalty to the president of the Republic. This was reflected in the fact that despite the differences within the bloc regarding certain issues, such as the reform of the labor law, they acted in a disciplined manner and all the bills submitted by the executive branch were approved.

However, Fuentealba said that he personally believes that communications between Congress and executive branch should improve because they are poor and this has affected the legislators' activities.

Fuentealba mentioned the efforts made by Interior Minister Carlos Figueroa and Secretary General of Government Jose Joaquin Brunner to try to solve this problem and said that although efforts have been made the results are still not positive.

Fuentealba said that the legislators must continue to back the government and that the executive branch's actions must not be subject to vetoes nor obstacles that may hinder the country's development.

He said that the DC deputies strongly uphold the Coalition of Parties for Democracy [CPPD], they believe the CPPD is the most feasible political project Chile has but that it must be safeguarded and that that task belongs to all the political parties that comprise it.

For this reason, he reiterated, it should not be subject to conditions of any sort nor to vetoes, referring to statements by Socialist Party leader Camilo Escalona, who said that his party had the right to veto certain government policies.

Fuentealba explained that although it is legitimate that pluralist actions exist within the coalition, the existence of great disagreements are harmful.

As for the legislators' actions next year, Fuentealba said that they hope to promote a series of initiatives that will help establish a framework law for the agricultural sector, placing special emphasis on the development of the rural and peasant sector.

The following are some of the proposed measures: Get each branch of the State Bank to have an office in charge of agricultural matters; establish credit lines in pesos for peasants and small- scale producers; assist the poorest agricultural sectors; update the education program for the agricultural field; and promote forestry development.

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Another issue on which the DC deputies will focus their attention on during 1996 will be the family and all subjects related to the family development and protection.

Among some of the proposed measures are: to eliminate child labor; make working hours for female heads of families more flexible; amend the day care law; make pre-school education compulsory; and legislate on the subject of broken homes.

Regarding social policies, Fuentealba said that they will try to focus their work on the most vulnerable groups.

At the same time DC bloc leader Ignacio Balbontin criticized the fact that, in his opinion, the struggle against poverty has still not yield the necessary positive results stating that there is a lot of theory and planning but very little is really done about the problem.

Deputy Balbontin urged the rightist sector to publicly reveal the attitude it will really adopt during the debate about the constitutional reforms, to start in January, and once and for all end the "show" [preceding word in English] and continue to work on those projects that do not require the opposition's support.

He said there is a tendency to ignore the fact that social issues are closely related to the constitutional reforms and therefore believes the legislators must point this out.

Consolidated Tariff To Be Lowest in Continent in 1996

PY3012023695 Santiago ESTRATEGIA in Spanish 28 Dec 95 p 6

[FBIS Translated Text] As of 1996, Chile will have a consolidated tariff of 25 percent. This is the tariff ceiling established for those cases in which Chile must face problems of such magnitude that oblige it to increase its import duties.

Until last year, our consolidated tariff stood at 35 percent, but under the GATT Uruguay Round, our country committed itself to reduce them to 25 percent for a five-year term. As proof of Chile's will to further liberalize trade within the APEC [Asia-Pacific Economic Cooperation], Chilean authorities have decided to shorten this term and converge to the agreed-upon tariff next year.

Imports of wheat, sugar, oilseeds, and dairy products are the only exceptions as tariffs can go as high as 31.5 percent if necessary.

Although this commitment may seem little encouraging, it must be pointed out that Chile has the lowest consolidated tariff in Latin America. There is also the consideration that our real tariff stands at 11 percent and there are those who estimate that due to the various trade agreements, the weighted tariff stands at around 9 percent or even 8 percent.

Nevertheless, this measure has been welcome in other countries since most of APEC members have been reluctant to pledge to reducing their tariffs, even if they are the consolidated ones.

Another very important commitment that Chile took on at this forum and which will also become a reality as of next year is the elimination of trade support measures that cause distortions. Such measures are only partially enforced in the case of some agricultural products, but they fully abide by GATT's Agreement on Agriculture.

All the pledges contracted by APEC members had to conform to the agreements of the Uruguay Round of GATT. Our country has been honoring most of its commitments even before negotiations of that round were over. Among them, let us mention the following ones: to reduce the consolidated tariff, to speed up agreement on services, textiles, and garments, and to grant a most-favored-nation treatment to foreign investment and to consider it on equal footing with domestic investment (this has been fulfilled with the exception of the fishing sector; the exploitation of hydrocarbons and uranium; domestic credit; advertising, radio, and television; border areas; and domestic sea transport)

Other commitments include the elimination of some safeguard measures and of quantitative restrictions to trade, except for those used in free trade agreements such as quotas for certain products for a certain period of time, tariffs on which are gradually reduced — something which has already been implemented.

The only commitment that is in the process of being implemented, but on which no deadline has been established, is the deregulation of some sectors of the economy. In this regard, Chile offered to continue deregulating the sectors of telecommunications, ports, health insurance companies, public utilities, and the financial sector.

Interior Minister Figueroa Interviewed

PY0301012296 Santiago EL MERCURIO in Spanish 24 Dec 95 p 95

[Interview with Interior Minister Carlos Figueroa by Raquel Correa in Santiago; date not given]

[FBIS Translated Excerpt] [passage omitted] [Correa] What do you think will finally happen with the constitutional reforms?

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[Figueroa] I do not like to speculate on the reforms. What we want to know is how the RN [National Renewal Party] senators will vote.

[Correa] Do you have any doubts?

[Figueroa] RN is trying to achieve an internal party agreement and we have been very careful not to interfere.

[Correa] Do you know what position they will uphold?

[Figueroa] I repeat what I have already said. If we knew how legislators would vote there would not be any need to submit draft bills. We could legislate through a fax machine. We would send a fax to Congress informing legislators that we have counted the votes, and there would be no need to submit draft bills... We could do this with tax reforms, municipal reforms...but surprises do occur. This is what happened the evening of the voting on the national budget or on the date of the municipal elections. All of this speaks very highly of both elected and designated senators. All of them are careful about their image. Now all Chileans will know which senator is supporting which position. Who are in favor of consolidating democracy and who are against.

[Correa] As the Zorro Iglesias [not further identified] used to say: But we never heard anything more about the reform to the Armed Forces Organization Law...

[Figueroa] (Smiling) We never heard anything more about it. There was no possibility of achieving an agreement on this issue.

[Correa] Will the administration withdraw the draft bill?

[Figueroa] No. Just wait a minute! The bill was submitted and we will see how the situation develops.

[Correa] The bill contains far less than what was included in the government platform which advocates the end of appointing Armed Forces commanders for life-long tenure...

[Figueroa] It is no easy matter for the president to retire the Armed Forces commanders. Let me remind you that the appointment for life-long tenure of the Armed Forces commanders is established in the Constitution...

[Correa] The constitutional clause is based on the Armed Forces Organization Law.

[Figueroa] But the Armed Forces Organization Law cannot violate the Constitution. Frankly speaking, this is a law that could be disputed.

[Correa] Why don't you?

[Figueroa] The Constitutional Court has already issued its ruling... This is why we are having problems with the Constitutional Court: It upholds that a clearly unconstitutional law is not unconstitutional.

[Correa] If the reforms are not approved would you feel you have pathetically wasted your time and prestige?

[Figueroa] We would neither lose time nor prestige. I believe that from the point of view of public opinion, it will be a net profit: An administration without a majority in Congress would have done the impossible to achieve national reconciliation by ascertaining the truth about the issue of missing persons and by achieving important progress to consolidate democracy. All this has to do with reconciliation because achieving a consensus about the Constitution is of great importance for national coexistence in a state of law. Moreover, all opinion polls indicate that Chileans want reforms. The CEP [Political Studies Center] poll shows that 66 percent of those polled support the implementation of important reforms and 19 percent support the implementation of reforms, that is, almost 80 percent.

[Correa] Who are those who do not want the reforms?

[Figueroa] Those who still believe that those enclaves established in the Constitution protect the Armed Forces from harassments and attacks; those who grant the Armed Forces the role of safeguarding the Constitution. The de facto powers: Business groups have adopted shameless attitudes in this regard. They do not understand that economic development is achieved with more democracy.

[Correa] If it were up to you to approve only one of the proposed reforms, which one would you choose?

[Figueroa] The most important one is that concerning the voting within the National Security Council [Cosena].

[Correa] The administration thought otherwise...

[Figueroa] I must admit that this is an initiative promoted by [RN] Senator Sergio Diez [congressional committee president]. He said that when he was a member of the Constitutional Committee, the idea of voting within the Cosena never crossed the minds of committee members.

[Correa] Opposition members argue that without voting the Cosena loses power.

[Figueroa] But the president cannot be defeated in the Cosena as the Senate was about to be defeated in the case of Minister Cereceda [not further identified]. [passage omitted]

[Correa] Opponents of the constitutional reform center their criticism on the fact that they strip the Armed Forces from their role of guarantors of the Constitution.

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[Figueroa] Their role as guarantors of the Constitution is included in another constitutional clause that is not being amended.

[Correa] If they are unauthorized to appoint former Armed Forces commanders as senators; if they are unauthorized to name members of the Constitutional Court; and are not allowed to vote within the Cosena where would they be able to exercise their role of guarantors of the Constitution?

[Figueroa] There is no need for them to have the role of guarantors of the institutional system. This does not happen in any democratic country in the world. I do not understand why the Armed Forces and forces of order are better able to safeguard an institutional system than a president who is elected by 59 percent of the people; than a Congress that is fully elected by the entire country; by a Judicial Branch that is independent and whose duty is to safeguard the laws and the state of law. This the modern concept of the branches of the government. They do not need to have anyone overseeing whether they are fulfilling their duties, and to represent them if it is established otherwise.

[Correa] The only difference between what happened in 1973 and the current situation is that Frei was elected with 58 percent of the votes and Allende obtained one third of the votes and was elected by Congress.

[Figueroa] He was not the only Chilean president to be elected by Congress. Moreover, he was elected in compliance with the Constitution. That is a very interesting subject: the presidential system of government vs. the parliamentary system. This is an issue that has never been raised. The presidential system of government has advantages and disadvantages: It does not allow governing with a minority in Congress. In view of this, the president is compelled to summon a majority encompassing those who were opposed to his government program. In a semi-presidential system of government or in a parliamentary system this could be resolved without any problem.

[Correa] Do you believe we should change the presidential system of government?

[Figueroa] We should discuss it. The Constitution establishes that the president is "the chief of state" and the Constitution does not foresee any other government leader but there are other government branches and a balance of power, including the currently established Cosena, which has such peculiar characteristics.

[Correa] Who is going to pay the political price if the constitutional reforms fail?

[Figueroa] This is quite clear: Those who obstruct the reforms will have to pay a political price.

[Correa] Do you believe the president's position will be deteriorated?

[Figueroa] No, absolutely not.

[Correa] How about his political team?

[Figueroa] Not at all. In any case I would be the most expendable member of the cabinet.

However (hitting the table several times), if we are unable to pass the constitutional reforms now that we enjoy the support of 80 percent of the people, we will propose many more constitutional reforms in the future.

[Correa] If they are approved is the administration willing to sign an agreement that no further constitutional reforms will be proposed?

[Figueroa] We have not signed any agreement because there is no need for one. What serious administration will submit to Congress a constitutional reform such as this one and submit another one on the same issues before its term expires? If we do that we would have to pay a heavy political price. Neither the president, the administration, nor I are willing to pay such a price.

[Correa] Are you worried about the overwhelming victory of the Socialist Party [PS] traditional wing?

[Figueroa] No.

[Correa] Does it pose a hazard for the CPPD [Coalition of Parties for Democracy]?

[Figueroa] No. I believe that this election has clarified the PS situation within the CPPD. All of us viewed the PS as a renewed party. This, however, has been very clearly explained by [PS President] Camilo Escalona and we are now more aware of the position upheld by the PS majority.

[Correa] Does this mean that some PS members will join other parties?

[Figueroa] I do not think so. The CPPD spectrum remains unchanged.

[Correa] How about that "right to veto" demanded by Escalona?

[Figueroa] It is unacceptable. I would like to believe he said this without thinking.

[Correa] Is anyone within the administration allowed to disagree?

[Figueroa] Yes, of course. It is one thing to disagree and a completely different one to veto. The administration

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is here to rule. This is why the people elected President Frei and not the members of the CPPD. I have always followed Chilean politics very closely and this is the first time I have heard such a thing from a ruling party.

[Correa] You have been labeled "Escalona's generalisimo" because he reportedly won the PS election as a result of his opposition to the Otero-Figueroa draft bill.

[Figueroa] That would be tantamount to saying that the PS ideas are very voluble; that they are based on a disagreement between a PS presidential candidate and the interior minister. My comments are not regarding the human rights issue but regarding Escalona's behavior with the interior minister.

[Correa] Do you believe that the administration should interpret Escalonas' election as a "warning"? Do you take Escalona into account more than you did before because of it?

[Figueroa] The PS has never been overlooked. Never. The PS was requested to express its disagreement regarding these issues through the vote of its senators and not through political party agreements. That would be the logical thing to do. The entire administration is involved in these reforms. In the Senate, senators are allowed to vote independently on some issues. Some members of the CPPD have not voted in favor of many of our draft bills. Quite frankly, I have been unable to achieve any support for this logical line of thinking.

[Correa] Would the CPPD exist without the PS?

[Figueroa] Absolutely not.

[Correa] Why was it excluded from the meetings?

[Figueroa] I did not exclude it from any meeting.

[Correa] PS President Escalona was not invited to attend a decisive meeting at [RN Senator Miguel] Otero's house?

[Figueroa] That was one of the several meetings that were held. I was not the host.

[Correa] Are you saying that it was Senator Otero who did not invite him?

[Figueroa] That is right. I do not believe an agreement is the perfect solution but it is some progress. [passage omitted]

[Correa] If amnesty is being implemented on the basis of the ruling of the Second Chamber, is it worth supporting a draft bill that is causing tension and division within the CPPD?

[Figueroa] It is necessary precisely because amnesty is being implemented on the basis of the ruling issued by the Second Chamber. A doctrine has been virtually established on the issue. Moreover, it is being enforced through a means that is even more delicate than an amnesty: that of prescription. That is precisely why I am against the idea of not doing anything. The so-called Figueroa-Otero draft bill allows the possibility of enforcing Article 413 of the penal code which was what compelled President Aylwin to submit a note to the Court stating that is was not possible to issue an acquittal without determining the crime and its perpetrator.

[Correa] But Aylwin rectified this...

[Figueroa] Just a minute. What I mean is that the so-called Figueroa-Otero draft bill allows the courts to conduct an investigation. If the draft bill is approved, we would have special judges appointed to investigate these issues instead of leaving these cases in the hands of judges who are handling 2,000 or 4,000 cases. These judges would have to handle 15 or 20 cases...

[Correa] They will also be allowed to close them whenever he sees fit because no conditions are established.

[Figueroa] Excuse me — he claims, annoyed [editorial note] — but he may also decide not to close them. He can continue with the investigations to establish the truth about missing persons. The original Frei proposal called for establishing the whereabouts of the victims. By allowing the enforcement of Article 413 we may establish the truth about the whereabouts of the remains and even the truth about the perpetrators of the crimes....

[Correa] You contend that the administration is not sponsoring a law of expiration but [RN President Andres] Allamand and [RN Legislator] Espina have insisted on describing it as such.

[Figueroa] Oh please! During a meeting this week with government officials, I asked them how they could be so naive as not to understand that this is a concession that those who are promoting the constitutional reforms have to make. If the PS situation within the CPPD is complicated, it is better for them.... The truth is that we have not proposed a law of expiration. I categorically assert and reassert this. There is no expiration law. An expiration law is to establish a date to close all cases and acquit them. [passage omitted]

Errazuriz Assails Government-RN 'Secret Pact'

PY0301225696 Santiago EL MERCURIO in Spanish 30 Dec 95 p C4

[FBIS Translated Text] Senator Francisco Javier Errazuriz (UCCP) [Progressive Center Center Union] has said that a secret pact between the leadership of National Renewal [RN] and the government for approving

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constitutional reforms and a law on human rights in exchange for maintaining the binominal electoral system has come to light.

Errazuriz said that this alleged covert pact was revealed by RN Vice President Alberto Espina when he warned Interior Minister Carlos Figueroa that an eventual instrumental pact for changing the binominal electoral system would hurt the understanding between the government and the RN on other issues.

Errazuriz also said: "The betrayal of sectors of the Coalition of Parties for Democracy, which behind the back of the Socialist Party violated the coalition's government program by agreeing not to reform the binominal system, has also come to light."

Errazuriz said that if the government really had the intention of making the political regime more democratic, the first and priority reform that should have proposed is the replacement of the binominal electoral system for a proportional one that is corrected through a system of adjustments.

Errazuriz, who also insisted that this type of illegitimate agreement was made behind people's backs, again demanded the withdrawal of the so-called "Frei Proposal" from Congress.

The "Frei Proposal" includes constitutional reforms for abolishing the appointed senators, for changing the operation of the National Security Council, and for reorganizing the system for appointing the members of the Constitutional Court. The proposal also includes a legal initiative for expediting the trials of the members of the Armed Forces for their implication in the arrest and disappearance of leftist militants from 1973 to 1978. The two bills are currently being debated in the Senate.

Opposition Senators See Government Performance as Negative

PY0301144996 Santiago EL MERCURIO in Spanish 2 Jan 96 p C2

[FBIS Translated Text] Valparaiso — Senators Sergio Fernandez (Institutional) and Sergio Romero (RN [National Renewal]), who harshly criticized the second year of President Eduardo Frei Ruiz-Tagle's administration, said that the government's performance in 1995 was negative.

According to Senator Fernandez, the government of the Coalition of Parties for Democracy [CPPD] "seems trapped" in a political struggle that does not have true priorities and paralyzed in almost every other field without a modernizing initiative, without the will to privatize which characterizes developing countries throughout the world.

Senator Romero said that the auspicious 1995 economic indicators contradict other indicators and this causes the economic agents concern and negative expectations.

Fernandez stated that, in the first place, this year ends "with economic prosperity mostly inherited from the government headed by President Pinochet, as a result of the economic policy and the institutional order the government of the Armed Forces and forces of order bequeathed the country."

Under such favorable conditions, he said, it would be only normal to expect the CPPD to show great achievements and developments in the country.

He expressed regret that that was not the case, and that during 1995, instead of progress, the country only witnessed "an endless debate, which is still pending and shows no signs of ending soon, regarding constitutional reforms that, should they prosper, will dismantle the constitutional framework and, thus, the political stability and economic prosperity that has marked these past years."

In the field of public ethics, Fernandez criticized the "new and endless scandals involving public servants and enterprises."

He ended by stating that "there were a few favorable points," such as the equimacroeconomics [equimacroeconomicos], compared to the many unfavorable aspects, most of which could have been avoided.

Senator Romero's assessment was equally negative. He said that as the year ends, "the sensation millions of Chileans have is that others rather than they themselves have benefited with the achievements."

He commented that the high growth rate, the drop in the unemployment rate, and the fact that inflation has been curbed are positive elements but contradictory to other indicators that cause the economic agents concern and negative expectations.

Increase in Per Capita Income Viewed

PY0201145496 Santiago EL MERCURIO in Spanish 29 Dec 95 p A1

[FBIS Translated Excerpt] Up from 8.2 percent to 8.3 percent, the GDP this year will increase to some $62 billion, marking a real growth of 6 percent in per capita income. Economy Minister Alvaro Garcia announced on 7 December 1995 that the per capita income would reach $4.7 billion in 1995.

Finance Minister Eduardo Aninat reported that inflation this year will be just over 8 percent, the lowest in the past 35 years.

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He said that this will be the eighth consecutive year of fiscal surplus, with public savings of 4.7 percent of the GDP. He added that positive budget balances are essential in the achievement of macroeconomic stability.

During a news conference the minister made a complete balance of the Chilean economy. The following officials participated in the news conference: Economy Ministry Under Secretary Manuel Marfan; Budget Director Jose Pablo Arellano; and Economic Policy Adviser Jose de Gregorio.

Marfan stressed the recovery in the employment area, especially of women and young people, a situation that must be more visible next year. De Gregorio referred to the harmonious growth at the sectorial level. He especially mentioned industry, commerce, and construction which represent almost 40 percent of the productive activity. These sectors were affected by the adjustment in 1994 but increased between 6 and 10 percent during the third quarter.

Minister Aninat said fiscal austerity allowed a prepayment of $1.383 billion of the foreign debt the government contracted in 1995, which will result in lower interest costs, thus allowing the state to earmark resources for the areas with greater needs in the social field, and for infrastructure.

He said that international recognition of the achievements attained by the Chilean economy during the second half of the year resulted in an improvement in the classification of the country's sovereign risk by all important classifying agencies at world level, placing Chile among the 10 best emerging economies.

Productive development of the Chilean economy has meant that in 1995 production of 10 years ago has almost doubled, making this the best decade for economic stability and growth this century. He said: "Over the past three decades the country has for the first time recorded a growth higher than inflation."

Despite these results, he reaffirmed the growth objective of the GDP of 6.5 percent, although some are "tempted" to change that objective on the basis that more conservative expectations would be better, irrespective of the results.

According to latest estimates by the Finance Ministry and the Central Bank for this year, unemployment rate will reach 5.5 percent; exports will reach $15.930 billion — up 38 percent on the previous year; the national savings rate will be 27.3 percent of the GDP; while the rate of gross formation of fixed capital, which measures investment in new industrial plants and capital goods without including the existing assets, will reach a record 26.8 percent of the GDP.

Aninat said the 1995 growth as well as the auspicious future expectations are based on high investment levels to this date, the dynamism which has been possible thanks to important profits of productivity which between 1991 and 1995 grew 4 percent yearly, positively affecting the growth of real salaries at similar rates.

He stated that increased productivity is the only way to increase real salaries in a sustained manner, as reflected in what Chile registers today as one of the best rates of real Latin American remuneration with an increase of 4.1 percent this year against an average drop of 1.5 percent in the region.

He especially emphasized the fact that economic growth this year was promoted by high investment levels, which provides some optimism for the great tasks ahead.

He said great economic growth is reaching the people. He added that from the investment point of view, a change is taking place in the urban and rural sectors, which can be seen in roads, highway projects, and hospital equipment, among others.

As example he mentioned the results of a poll the government entrusted to the Mori company according to which medium and low income sectors this year revealed that the introduction of color televisions in homes increased between 29 and 36 percent; washing machines between 25 and 30 percent; and refrigerators between 19 and 27 percent.

He said the wellbeing and the quality of life in the home is in part supported by growth in real salaries, but there is a situation which is somewhat worrying, to which the government is alert: the level of indebtedness via credit cards and loans of consumption which, although not serious, requires vigilance. [passage omitted]

Majority 'Satisfied' With Economic Situation

PY0201155296

[FBIS Editorial Report] Santiago ESTRATEGIA in Spanish on 29 December, page 8, carries a 350-word report on a "well-documented assessment of the past year by high-ranking Finance Ministry authorities" that included information on recent polls that are not so favorable to the government. Based on preliminary results of a poll conducted by the Mori enterprise at the government's request, Finance Minister Eduardo Aninat disclosed that 54 percent of the people are "satisfied with the current economic situation." The poll, which was conducted on 1,200 Chilean families, shows the people consider the improvement in the living standards of the lower and middle class is reflected in their possibility to better equip their homes with electric appliances. Aninat said that as in the 1990-94 period, when each percentage

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of the GDP growth reduced poverty by 0.4 percent, maintaining the annual growth at about 6 percent should reduce poverty to 20 percent of the population by the year 2000. Current poverty amounts to 28.5 percent and extreme poverty to 3 percent.

Colombia

Samper To Continue Programs Working With Poor

PA2912160195 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 26 Dec 95

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Colombian President Ernesto Samper Pizano has said that he will continue to work so that the solidarity network can continue to help the needy. Samper Pizano said he will never abandon the social programs to which he committed himself when he signed up as candidate for president of Colombia. The head of state said the solidarity network has allowed nearly 12 million poor Colombians to benefit from its programs. The president said his administration has fulfilled its promises with the country in matters of social policy through the creation of 270,000 new jobs. Likewise, President Samper said his government has contributed in getting nearly 3 million people acquainted with the subsidized health regimen.

Samper Announces Program for Nationals Residing Abroad

PA0301172596 Mexico City NOTIMEX in Spanish 0854 GMT 3 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jan (NOTIMEX) — Colombian President Ernesto Samper announced a program to protect approximately 2 million Colombians residing outside Colombia and ordered the reorganization of a number of embassies.

The president declared on 2 January that there will be legal, consular, and economic aid in extreme cases for Colombians that face difficulties in foreign countries.

Samper handed Foreign Minister Rodrigo Pardo a six-point action program that includes the reorganization of consulates and the spread of agreements on repatriating prisoners with as many countries as possible.

The program also includes the diffusion and extension of the dual citizenship program, which allows Colombians to become citizens of another county without the loss of the citizenship of their country of origin.

The program also refers to the establishment of Colombian radio stations in the exterior, the improvement of Colombia's image before the world community, and the creation of a domestic disasters fund.

This disaster fund will allow Colombian diplomats in any part of the world to have funds available to help those compatriots who might face a financial emergency and not have the immediate resources to resolve it.

Official sources report President Samper is going to make changes in at least one embassy in Africa, America, Asia, and Europe as part of the reorganization of his foreign policy.

The sources explain that those changes are due to a need for a coherent team that will guarantee the success of his social plan, a highlight for the administration's new year that will require special support from abroad.

The changes to be made were not specified, however, nor was the time for when they would become effective.

Government Approves Tax Package To Go Into Effect 1 Jan

PA3012032895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The government today approved the tax package that will go into effect on 1 January. This measures come as a relief to some people but will adversely affect most Colombians.

Monthly withholding at the source will only be made from salaries of 710,001 pesos and above. The income tax for the 1995 fiscal year will be 35 percent. And pay attention: Those who have assets of up to 73.5 million pesos are not obliged to file taxes, as well as salaried workers earning up to 38.2 million annually and independent workers whose gross assets do not exceed 73.5 million pesos and whose income does not exceed 25.4 million pesos.

Pay attention, delinquent taxpayers: An amnesty for taxpayers with overdue obligations has been granted. The term for making payments without late payment interests ends on 31 March, and those who have not filed their taxes may do so until 15 February, without any late payment penalties.

Minister, Stock Market Official on Outlook for 1996

PA0101215196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 1 Jan 96

[From the "AM/PM Newscast"]

[FBIS Translated Text] Trying to find out how the economy will be for Colombia in the coming year, we

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discovered that not even the statistics can predict an exact future. It all depends on who interprets them.

The confusion on the country's economic future is evident because, although some believe it will be excellent, others receive the new year with a lot of fear. The government insists that 1996 will be a very good year.

[Begin Economic Development Minister Rodrigo Marin Bernal recording] The economy will continue to grow at a very satisfactory rate. It will grow by more than 5 percent. Inflation will decline to 17 percent, because this is a more realistic goal than the one set by the Bank of the Republic for this year. Unemployment will decline to socially tolerable levels. [end recording]

However, in spite of the government's optimism, some people state that what lies ahead is not precisely a period of prosperity.

According to Jose Antonio Campo, chief of national planning, growth will be 4.9 percent next year, namely, below this year's rate. This will be due to the reduction of the coffee harvest, the slowdown in the construction sector, and the decline in industry.

In the stock exchange, the situation does not look any better.

[Begin Carlos Caballero Argaez, president of Bogota Stock Market, recording] I believe that this will be a difficult year for the stock market sector, fundamentally because of the high interest rates expected for 1996. [end recording]

Most sectors indicate they are neither optimistic nor pessimistic but, in general, interest rates are to be watched closely for 1996, while the positive factor will be exploitation of oil fields in Cusiana and Cupiagua.

Government To Begin Talks With Self-Defense Groups

PA0301130196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The government announced today it will begin peace talks with self-defense groups from Cordoba and Uraba:

[Begin recording] [Interior Minister Horacio Serpa Uribe] We will begin peace talks. A proposal has been drafted to talk to the self-defense groups from Uraba and Cordoba, and the country has already learned about it. We believe it is very important to explore any possibility of agreements that will allow the incorporation of the guerrillas into the democratic system and, consequently, the surrender of their weapons.

[Unidentified reporter] Will a commission be designated to talk to them, or what will be the mechanism?

[Serpa] President Samper has established that the Interior Ministry will be responsible for handling these negotiations; thus, I will be directly at the helm of this mission.

[Reporter] Will the government speak directly to Fidel Castano?

[Serpa] We do not know yet to whom we will be talking, but we will answer positively—and we are already doing it—to the current proposal, and we will establish the conditions to carry out this mission.

[Reporter] It seems the guerrillas do not want to hold talks with the Samper administration.

[Serpa] The process that was launched a year ago has reached a deadlock, but this government still has many months, more than 30, to fulfill its official duties, which include achieving peaceful coexistence. [end recording]

Subversives Blow Up Warehouse; Officials Comment

PA0301174196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Jan 96

[From the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] Une, the town guerrillas devastated on 28 December, is still suffering the consequences five days after a brutal guerrilla attack. The subversives blew up a pesticides warehouse. Une's air is polluted.

The 51st Front of the Revolutionary Armed Forces of Colombia devastated Une, Cundinamarca, on 26 December. The consequences are still evident. Not only did the guerrilla attack leave an 18-month-old girl dead but also left the entire population on the verge of a health emergency:

[Unidentified speaker] "I smelled something strong and then felt a headache. My small girl, who was nearby, developed a sore throat and started coughing."

A huge warehouse that contained pesticides and other chemicals, worth more than 100 million pesos, was destroyed during the guerrilla attack. As a consequence, people are being told to buy food in other towns for fear of pollution:

[Gustavo Leal Paez, Cundinamarca health secretary] "This is our advice: Close the town's stores and wait

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for the air analysis to report negative so food can be sold again."

Although they do not dare ask for a mass evacuation, other officials have asked the people instead to leave town temporarily tomorrow, because authorities intend to cleanse the entire area:

[Une Mayor Leopoldo Romero] "We are asking the people living in the center of Une to go outdoors tomorrow and have a good day."

Meanwhile, the health brigades' sanitation work remains intensive. The work will increase tomorrow, when authorities plan to remove all the toxic materials.

The government finally showed up in Une, the town the guerrillas poisoned. Health Minister Augusto Galan has visited the town. Accompanied by two experts from the ministry, the minister personally has assessed the risk situation of close to 9,000 people living near the destroyed warehouse where the chemicals were stored. After observing the place, the minister announced he will try to take health measures to prevent a mass poisoning:

[Galan] "One of the chemicals here could be incinerated. Another possibility is to store some of them underground."

Authorities Arrest Rafaela Rodriguez Orejuela in Capital

PA0401042996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 4 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] Pay attention, we have a last minute report. A few minutes ago the Dijin [Judicial and Investigative Police Directorate] authorities arrested Rafaela Rodriguez Orejuela, one of the sisters of the Rodriguez Orejuela brothers, in the northern part of the capital.

This is Rafaela Rodriguez Orejuela, sister of Gilberto and Miguel Rodriguez Orejuela, wanted by authorities on charges of illegal enrichment. "QAP News" established that this woman has three identity cards with the number 38,974,382, issued in Cali. However, there is a different photo on each identity card. This is how she hides from authorities and carries out large transactions with her brothers' money. This footage was taken when Rafaela three months ago visited her brother Gilberto in prison. [video shows woman going into prison]

Today we visited her home in Cali and there was nobody there. It is known that following the arrest of Cali Cartel druglord Gilberto, Rafaela's husband, Jose Alfonso Maquilon Amaya, also wanted by authorities and who accompanied her to visit Gilberto, met in Cali with another man named (F. Lenis Ortiz) to study the new cocaine routes through the Port of Buenaventura. (Lenis) is said to have important Cartel information. In addition, Maquilon is manager of several companies belonging to Cartel leaders.

At this time, the Search Bloc is raiding the properties of the couple.

Ecuador

Alarcon: Congress Backed Acquisition of Kfir Aircraft

PY0301190296 Quito Voz de Los Andes in Spanish 1700 GMT 3 Jan 96

[FBIS Translated Text] The Ecuadoran Congress backed the Armed Forces' decision to acquire four Israeli-made fighter bombers to defend itself from possible attack.

Ecuador has every right, in its capacity as a sovereign country, to acquire the defense and dissuasive weapons it deems necessary, and does not need any country's permission do to so. This was stated by Ecuadoran Congressional President Fabian Alarcon, who added that Ecuador needs Armed Forces technically and professionally capable of doing their duty.

Duran-Ballen Accepts Larreategui's Resignation

PY0301124796 Quito Voz de Los Andes in Spanish 2300 GMT 2 Jan 96

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen has accepted the irrevocable resignation submitted by Carlos Larreategui, secretary general of the State Administration, a post equivalent to a Presidency ministry.

Larreategui, considered by several analysts the official government spokesman after the escape from the country of former Vice President Alberto Dahik, tendered his resignation on 31 December. According to a communique issued by the Presidency of the Republic, the resignation was accepted.

The resignation had already been announced by Larreategui a few months ago, according to a Vice Presidency document. In fact, there had been speculation that it would be submitted after Dahik's dismissal and escape, within the framework of the criminal action involving the former vice president for presumed unlawful use of state discretionary funds.

Larreategui had assumed the post in January 1993, and according to the Vice Presidency communique, he

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submitted his resignation from his post to resume his private and professional activities, and to improve his academic training and enhancement.

The document adds that Duran-Ballen expressed gratitude for the tremendous cooperation offered by Carlos Larreategui.

Minister: Tourism Seriously Affected by 1995 Crises

PY0301192196 Quito Voz de Los Andes in Spanish 1700 GMT 3 Jan 96

[FBIS Translated Text] According to Tourism Minister Armando Espinel, tourism in Ecuador dropped by 25 percent during 1995 due to the armed conflict with Peru, the political and energy crisis, and the strike in the Galapagos islands which caused terrible damage on the international level, namely because the strikers threatened to take tourists visiting the islands as hostages.

Hotels in the Galapagos were seriously affected by a strike staged by fishers and inhabitants of the archipelago who threatened to abduct foreign visitors.

Ecuador's income from tourism amounted to $188 million in 1995 compared to $250 million in 1994.

The border conflict with Peru in early 1995 substantially affected the flow of tourists to Ecuador. This, added to the energy shortage regarded as one of the worst in the past 15 years, affected the industrial sector and hotels.

However, tourism authorities have prepared videos promoting tourism in Ecuador in English, Spanish, French, German, Italian, and Portuguese. They also opened tourist information offices in Stockholm, Geneva, and Miami, and there are plans to open another in Cali, Colombia.

Espinel noted the importance of having the necessary resources to promote tourism that in 1994 was the fourth source of currency.

Paraguay

President Views 'Failure' of Privatization Process

PY0301172896 Asuncion ULTIMA HORA in Spanish 2 Jan 96 p 17

[FBIS Translated Text] President Juan Carlos Wasmosy has said that the privatization process sponsored by the government was a total failure.

Out of the five companies that were selected to be privatized, only one — Paraguayan Airlines — was transferred to private hands, and the transfer was made too late, the head of state said in an interview during the program conducted by Rafaela Guanes for the FM FEM [expansion unknown] radio station. The president said that the capitalization system or the process of privatizations in our country was a failure.

"Congress authorized the privatization of five companies, and we were able to privatize only one of them. I would say that the capitalization or privatization of these companies was a failure," Wasmosy said. The president also said that the privatization of Paraguayan Airlines (LAP) was carried out too late. He said he warned the presidents of both chambers of Congress about the situation, "but apparently legislators wanted to look into the company's past and did not see the company's current problems." The president said that the company could have been privatized at the same time and without hindering the trial of those who allegedly embezzled the airline.

"I am not saying legislators' concerns were groundless, but we could have privatized the company at the same time we moved ahead with the trial of those who allegedly embezzled the company. The investigation did not have to increase LAP's financial problems," Wasmosy said.

The purpose of the privatization program is to relieve the state of the burden of inefficient companies in order to use those funds for education, health, and other priorities. "The Central Bank has just paid the debt of Corposana [Water and Sanitation Corporation]; we continue to pay the salaries of railroad workers and the firewood for trains that no longer operate; we are assisting companies like Capasa [Paraguayan Alcoholic Beverages, Inc], which produces the best alcoholic beverages, but that is not a state role," Wasmosy complained. The president said that many and different interests play a role in the process to transfer state companies to the private sector, which also creates mistrust. The president said that a member of the opposition was named privatizations director in an effort to instill trust in the process.

President Wasmosy said that total investments in the country since the beginning of his administration exceeded $1.14 billion. He said, however, that the country needs much more investment, and that we need to approve laws to give investors security.

According to the evaluation made by the head of state, investments during his administration exceeded $1.14 billion, "but we need much more. I am not satisfied with what we achieved so far because we have not produced the necessary laws giving security to investors," the president said.

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The president criticized Congress because bills sent to the legislature were not approved in time. The president mentioned, as examples, the bill organizing the Central Bank, the banks regulation bill, and the bill on leasing. "There are many things that are part of the economic system's rules of the game that the government must elaborate and Congress approve to create the appropriate climate for investments," Wasmosy added.

The president justified his trips abroad by saying that the main purpose of those trips was the creation of a favorable image for investments in the country. The president added that we have already started harvesting the first benefits of these trips. The visits of foreign dignitaries and the initial rounds of conversations forecast positive decisions from foreign investors, the president said.

Wasmosy reiterated that government plans include an economic program that his administration was not able to implement as fast as he wished. He blamed politicians for the delay because they "do not act according to the increasingly fast-paced changes in a world that is moving very rapidly."

He said his remarks were not meant to criticize anyone; they were a reflection on a society that is leaving an era of authoritarianism and the chain of command, adding that fear of change is normal.

"There are still many people who cannot adapt to changes in our country; only people from abroad appreciate them. But these changes have not occurred as fast as the people would have wanted," the president said.

Democracy spontaneously produces appropriate conditions for investments as it becomes consolidated, Wasmosy concluded.

President Signs Decrees Approving Military Promotions

PY0301145496 Asuncion ABC COLOR in Spanish 2 Jan 96 p 3

[FBIS Translated Excerpt] On 29 December President Juan Carlos Wasmosy signed the decrees containing the promotions of members of the Armed and Police Forces. The promotion of Division General Silvio Rafael Noguera to Army general, the top rank in the Army, was made official, and the promotion of six brigadier generals to division generals was approved with these decrees.

According to the legal advisers of the presidency, Wasmosy signed the decrees between 28 and 29 December, and they will be published on 2 January. [passage omitted]

Wasmosy also signed the decree that promotes the following brigadier generals to division generals: Hector Ocampos Diaz, the new director of the War College; Augusto Nunez, commander of the Logistics Command; Pedro Torres; Eligio Torres Heyn; Santiago Zaracho Frucadez; and Jose Feliciano Segovia Boltes, commander of the Mariscal Francisco Solano Lopez Military College.

Another decree establishes the promotion to brigadier general of the following colonels: Luis Julia Riego, Hector R. Galeano Ruiz Diaz, Osvaldo Farias Vergara, Jorge Caballero Silvero, Calixto Moral Ortega, Abilio Gimenez Acosta, Mario Gomez de la Fuente, Guillermo Samaniego, Guillermo Escobar, and Sebad Oscar Schulz.

Senator: Oviedo To Retire, Run For President in 1998

PY0201015196 Asuncion NOTICIAS in Spanish 30 Dec 95 p 3

[FBIS Translated Text] Division General Lino Cesar Oviedo has allegedly confirmed to his supporters that he will soon retire to spend "all his time" preparing his presidential campaign for the 1998 election. His followers even considered the possibility — quite unlikely at this time — of proposing Oviedo as a candidate to run against Luis Maria Argana in the upcoming Colorado Party primaries, although for this to be possible the primaries would have to be postponed, which would have unpredictable consequences.

Oviedo confirmed to his followers that he will retire in 1996, "but only to serve his fellow countrymen." This remark was confirmed by Colorado Senator Julio Rolando Elizeche, who said the general gave him his word that he would run for the presidency in 1998.

The project that a group of citizens has been pursuing for months would thus become a reality. Even though the issue has been defined, his followers continue to deny that Gen. Oviedo is directly involved in the promotion of his presidential ambitions, which, if true, would be an open violation of the Constitution.

According to reports provided by people who participated in a meeting with Oviedo in Ciudad del Este, the Army commander allegedly said that he does not harbor ambitions for a fourth star (rank of Army general). He also allegedly said that he would resign from the Armed Forces to run for president.

These remarks were allegedly made during a political meeting with political operators from the movement that supports Blas Riquelme in the Colorado Party primaries. The meeting was held in Ciudad del Este.

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The sources denied that General Oviedo personally criticized President Juan Carlos Wasmosy, although they admitted that the criticism was indiscreet. Oviedo allegedly said that if he were president, his ministers would have to work full time to develop the country's potential.

Economic Adviser Urges Austerity in Public Sector

PY0301124996 Asuncion ABC COLOR in Spanish 2 Jan 96 p 11

[FBIS Translated Text] Carlos Mersan, the president's adviser in the economic sector, stated that the disproportion between the increase in public expenditures and the growth of the economy places Paraguay's economic future in jeopardy, as he referred to the need to begin a stage of austerity in the public sector.

Mersan indicated that our country needs to consume less and it must achieve important savings in the public sector, taking into account the fact that state expenditures are increasing considerably and disproportionately. He warned that a distortion that could be caused by improper implementation of fiscal policy could be transferred to other sectors, such as the exchange market and the monetary policy.

Regarding the draft bill referring to limitations on certain state expenditures that has been sent to Congress, Mersan indicated that it is due to the large increases that the congressmen included in the 1996 budget, which necessarily entails a restriction in expenditures. Regarding this draft bill, he warned that the postponement of its study by Congress is another complication that the congressmen have added to the problem.

He maintained that it will be very difficult to collect the income that has been provided for in the 1996 budget, and he added that when the Treasury obtains more money through tax income, it follows that resources are begrudged, or taken from, the private sector.

He admitted the possibility of an increase in some taxes if the goals that have been set for tax collection are not met, despite the fact that he did not want to go into to detail in this respect. He highlighted the fact that there are two ways to increase income: To improve the efficiency of the control systems, on the one hand, and, on the other hand, to increase taxes.

"But, no matter the case, we must be aware that if we increase expenditures within the country and also pressure or force the tax situation, we are complicating things for the private sector, which is the motor of the economy. We hope that we do not have to increase taxes because we want the private sector to develop," he emphasized.

New Presidential Spokesman Bogado Installed

PY2912141595 Asuncion ABC COLOR in Spanish 29 Dec 95 p 7

[FBIS Translated Text] Edward Jose Bogado, 32, a journalist and attorney, is the new Presidency of the Republic information and culture director. He is replacing Guillermo Yaluff, who resigned after serving in this post for three years. Pursuant to Decree No. 11994, President Juan Carlos Wasmosy thanked Yaluff for his services as Presidency of the Republic information and culture director.

During the installation ceremony, Bogado pledged an open spirit and full-time dedication to facilitate a smooth relationship between the president of the Republic and journalists. He emphasized that he would continue the open-door policy that had been pursued by Yaluff. Bogado worked with the newspaper ULTIMA HORA for 14 years. Recently he has been teaching journalism at the Catholic University. He holds a master's degree in public administration from the Catholic University.

In the early morning hours of 28 December, the outgoing director delivered to the president a note in which he confirmed the decision to leave his post. In his note, Yaluff emphasized that, while discharging his duties, he "always" attempted "to honor and extend the freedom of expression and press freedom to promote the definitive democratization and modernization of the Paraguayan nation."

Peru

Army Commander: No Troops Mobilized at Ecuadoran Border

PY0401024796 Lima America Television Network in Spanish 0100 GMT 4 Jan 96

[FBIS Translated Excerpt] Army Commander General Nicolas de Bari Hermoza said today that no Peruvian troops were mobilized near the Ecuadoran border. He made this comment during a military ceremony held in Piura to install General Carlos Bergamino Cruz as commander of the First Military Region.

[Begin recording] [First unidentified reporter] [passage omitted] After the military ceremony General Hermoza commented on the situation at the border with Ecuador.

[Hermoza] We definitely have not mobilized any troops.

[Second unidentified reporter] How would you describe the mobilization of troops by Ecuador?

[Hermoza] We are not aware of any troop mobilization. Normal reconnaissance operations may take place but when a mobilization like the one you are asking about

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takes place, this is considered under the [Ecuador-Peru Military Observers Mission] regulation. Therefore, the G2 [intelligence] of the Peruvian First Infantry Division and of the Ecuadoran brigade, as well as the general commanders of these two large units, have the doors and the communication channels open to be able to discuss the situation. [end recording]

Fujimori Confirms Hermoza Rios in Post for Another Year

PY0301145196 Lima America Television Network in Spanish 0100 GMT 3 Jan 96

[FBIS Translated Excerpt] [passage omitted] President Alberto Fujimori made his first trip of 1996 to the interior of the country in the company of his son, Hiro Alberto, and Energy Minister Amado Yatako. The president decided to visit Chachapoyas, 20 km from the newly built (Ccacliq) hydroelectric dam on the (Uscubamba) River. A total of 15 million soles was invested in this hydroelectric dam, which will generate 4.8 megawatts and benefit residents from (Luyalamut), Pedro Ruiz, and Chachapoyas provinces who had to wait 30 years to see their dream come true.

In his first public statement of the year, the president discussed tax issues and explained tax measures adopted by the administration in compliance with the power bestowed by Congress. [passage omitted]

Moreover, President Fujimori reasserted that he has confirmed General Nicolas Hermoza Rios, Army commander and chairman of the Armed Forces joint command, in his post for one more year.

General Ketin Vidal Appointed Police General Director

PY0301163596 Lima America Television Network in Spanish 0100 GMT 3 Jan 96

[FBIS Translated Excerpt] General Antonio Ketin Vidal today assumed his duties as new general director of the Peruvian National Police [PNP] during a ceremony presided over by Interior Minister Juan Briones Davila. He replaces Victor Alva Plascencia. The man who masterminded Shining Path leader Abimael Guzman's arrest reasserted his commitment to uphold honest conduct in the exercise of his duties.

[Begin recording] Gen. Antonio Ketin Vidal today crowned an outstanding career in the police force when outgoing PNP General Director Victor Alva Plascencia handed over the leadership post to him.

Less than one week ago, Antonio Ketin Vidal had been appointed chief of the Police Domestic Security and City Traffic Department. President Alberto Fujimori had already expressed his support for PNP General Director Victor Alva Plascencia. It seemed that rumors circulating about the alleged irregular adjudication of houses seized from drug traffickers would not result in any changes among the PNP leadership. That situation changed when Alva Plascencia resigned for personal reasons.

Ketin Vidal was appointed to the post because he is the most outstanding and most senior PNP officer. [passage omitted] [end recording]

Military Officers Charged With Drug Trafficking Released

PY3012013095 Lima LA REPUBLICA in Spanish 18 Dec 95 pp 12-13

[FBIS Translated Excerpt] The Supreme Court of Military Justice, CSJM, on 13 December ordered the release of 12 officers, who had been stationed at the Huamanga Front, after closed-door proceedings. The detainees had been charged with involvement in the drug trafficking "firms" that operate in the Apurimac Valley.

The Army Inspector General's Office opened an investigation into a group of officers led by Colonel Oscar Bernuy Alarcon, former Huamanga Front chief of staff. In February 1995 they were placed under the jurisdiction of the military court which ordered their immediate arrest. [passage omitted]

After being held for 10 months, they were released without allowing the civilian court to initiate regular proceedings on charges of illegal drug trafficking.

Congress has empowered the executive branch to legislate on issues related to drug enforcement. The package includes a draft bill submitted by the CSJM on the decision to transfer from civilian to military courts all proceedings against Armed Forces and National Police members.

Daily Views Removal of Military From Drug Enforcement Plan

PY0201184396 Lima EL COMERCIO in Spanish 24 Dec 95 p A2

[Editorial: "Drug Enforcement and the Removal of the Armed Forces"]

[FBIS Translated Text] During a surprise announcement, which seemingly had been on the government's agenda for some time, President Alberto Fujimori announced that the Armed Forces would no longer participate in the drug enforcement operations and that, from now on, these will be the task of the National Police [PNP].

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These decisions, still not officially implemented, attract attention because until now all drug enforcement operations, as well as those to fight terrorism, were carried out by the Armed Forces.

Obviously there are good reasons for the government to change its mind and place the PNP in charge of fighting drug trafficking.

First, from the doctrinal viewpoint, Article No. 166 of the Constitution establishes that the main purpose of the PNP is to "guarantee, safeguard, and restore internal order."

Before that, Article No. 165 states that it is the duty of the Armed Forces to "guarantee the Republic's independence, sovereignty, and territorial integrity," and that it is its duty to assume control of internal order only in cases of exception, provided for by the Constitution.

However, we believe the scope and development of the drug trafficking web is something the executive branch, in view of the power bestowed on it by Congress, must consider when it comes to legislating over drug trafficking.

Thus, one wonders if the PNP is capable, alone, of handling the struggle against drug trafficking, an illegal activities that at a domestic level has been proven to be closely tied to terrorism; a scourge that ceased to be a domestic problem and has surpassed borders.

Precisely, and as PNP authorities have admitted, this institution has not yet fought drug trafficking, partly, due to its lack of training. General Jose Maria Neyra Sandoval, chief of the PNP Sixth Region in Ucayali, has admitted that currently the institution is capable of fighting drug trafficking but that it will need permanent support from the Police Airborne Division, and logistic support from the Armed Forces.

Will the PNP have the necessary technology to face members of the mafia, organized into well-equipped national and international networks, with easy access to zones that are inhospitable even for our military and police forces?

This shows that there are many pending aspects regarding the authority granted to the PNP, whose success depends on strict coordination between the executive branch and its security forces.

An additional subject we believe should be broached shortly is the vacuum over the lack of a new PNP organization law, whose debate, approval, and promulgation are among the list of pending congressional subjects.

Moreover, if the PNP takes over the fight against drug trafficking will it be granted the necessary budget to undertake such a huge task? The 1996 National Budget, at least, does not provide for it. Therefore, as congressmen of the majority bloc have admitted, government will have to reorganize the PNP.

Moreover, because drug trafficking is an international problem, what will be the relationship of the PNP with the DEA and other countries with drug trafficking problems?

Aside from the doctrinal viewpoint, President Fujimori explained that he removed the Armed Forces from drug enforcement operations as a way to make them "less vulnerable to manipulations."

The president said this after referring to cases of corrupt officers and subordinates who, he said, have been sanctioned by law and whose misbehavior does not morally discredit the institution.

In this regard, the government seeks the necessary mechanisms so that new cases of corruption may not again involve security forces as has been the case on reiterated and proven occasions.

One thing we believe should not be done is to regard as solved the charges filed against high ranking military and police officers involved in drug trafficking. These bad elements, which discredit the institutions, should be severely and publicly sanctioned, beyond the military jurisdiction, as a example for future generations.

Therefore, we believe it is up to the government to explain the scope of its drug enforcement global program.

The achievements attained so far in a coordinated manner with neighboring countries, like Colombia, in placing the leaders of the drug cartels behind bars, represent a significant step in the struggle against drug trafficking in Latin America.

But one must not forget there are still many pending issues; we talk about planting alternative crops or of other solutions to get peasants involved in this trade to abandon it. We must not forget that numerous families have engaged in this activity, basically due to the lack of support in other agricultural and mining activities.

Moreover, one must understand that just as there is political will to promote foreign investments in the country, there should be a plan to promote the participation of countries of the region in the struggle against drug trafficking. There are numerous legal tools, international agreements and accords, to endorse it.

Press Views Ecuador's Aircraft Purchases

96P20189A

[FBIS Media Note] Peru's leading opposition daily harshly criticized President Alberto Fujimori's handling

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of the situation, and articles in a leading weekly urged the government to demand that Israel make known the date of the Ecuadoran purchase order, also warning that the reason for the purchase was for Ecuador to improve its negotiating position in the upcoming talks between the two countries' foreign ministers.

"No Decisiveness"

In a 27 December editorial titled "Tiwinsa Syndrome Reappears," center-left daily LA REPUBLICA takes President Fujimori and the government to task for their handling of the Kfir situation, likening it to the handling of the border conflict in early 1995: "no clarity, no conviction, no decisiveness." The paper chastises the president for "complaining" to Washington about the sale of the aircraft, stating that this is granting Washington too much power, that if the Peruvian Government wants to complain, it should complain to the seller, Israel. Furthermore, the editorial argues, the most effective action would be to announce that Peru's response to the Kfir incident is to consider buying "a suitable number" of Russian planes. The editorial also speculates that in the U.S. decision to sanction the airplane sale, Peru might be paying for Fujimori's "hubris."

Provocation"

Retired Peruvian diplomat Felipe Valdivieso, writing in the 28 December issue of influential weekly CARETAS, called both the U.S. approval of the Kfir sale and Argentina's involvement in arms shipments to Ecuador during the 1995 conflict "serious infractions" against the Rio Protocol, of which the two countries are guarantors, constituting a "provocation." Valdivieso pointed out that there was a 10-16 month delivery period for the planes, noting that they might have been purchased (with U.S. approval) shortly before Ecuador "started military operations in Cenepa" or shortly after the signing of the Itamaraty agreement. Valdivieso concluded that the "biggest culprit" might be Israel, who should disclose the date of the order.

"Improve" Negotiating Position

CARETAS quoted in its 14 December issue an "expert" as saying that the military leadership in Ecuador, guided by "his gray eminence" General Paco Moncayo, in purchasing Kfir jets from Israel, wants to strengthen its military capability in order to "improve its negotiating position" in the upcoming foreign ministers' talks. According to CARETAS' "expert," the goal of General Moncayo, "one of the most influential" people in Ecuador, is to modernize Ecuador's Armed Forces and "recuperate" the territory "supposedly lost to Peru." The Peruvian Foreign Ministry, the "expert" warned, must "actively work to uncover Ecuador's maneuvers.

Uruguay

Trade Deal With Iran Reportedly Being Discussed

PY0301172296 Montevideo EL PAIS in Spanish 23 Dec 95 p 29

[FBIS Translated Excerpt] Uruguay has the possibility of carrying out a trade exchange deal with the Iranian Government. The deal presumably would involve oil and an ample range of agricultural products, including meat, which has a very good chance of being included in the deal.

Although the sources that were consulted by EL PAIS confirmed that "it is still very early" regarding the possibility of realizing the deal, it would involve between $45 million and $60 million, including meat and other products.

In an early review of the deal, the sources indicated that the deal would include "between 8,000 and 10,000 tons of meat." The Iranian market generally purchases compensated boneless meat and forequarters. This type of meat would open up the opportunity of using a lower category of cattle than is usually sent to the meat packing plants. [passage omitted]

Sanguinetti Says Corruption Not To Become 'Epidemic'

PY0301172396 Buenos Aires TELAM in Spanish 1930 GMT 31 Dec 95

[FBIS Translated Text] Montevideo, 31 Dec (TELAM-SNI) — During a televised interview, Uruguayan President Julio Maria Sanguinetti said today that corruption in his country would not become an epidemic.

During an interview broadcast over the state television channel in which he assessed his administration's first year, Sanguinetti stated that Uruguay "has a healthy society that is not corrupt," but acknowledged that there are always "clusters of corruption."

Nevertheless, Sanguinetti emphasized that "corruption episodes have been reported in the past and a serious report now has been received" on episodes that have occurred during the past administration.

Sanguinetti added: "It actually is important for the courts to act independently and for the government to cooperate and not become involved in concealing or disguising anything."

Following the results of congressional committees and reports filed by congressmen and journalists, the

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Uruguayan courts now are investigating two cases of alleged corruption.

These two cases occurred during the administration of former President Luis Alberto Lacalle, who was head of state before Sanguinetti. The two cases involve the privatization of a bank and influence peddling in the car insurance monopoly.

Before the end of this year, the Sanguinetti administration removed Laura Albertini, public health vice minister, for "administrative carelessness" in awarding a public bid.

The bid was awarded to a company to which Albertini's husband, Doctor Eduardo Lasalvia, was linked. Lasalvia was removed from his post of director of the Uruguayan Institute of Oncology.

During the televised interview, Sanguinetti mentioned the strictness with which the government acted vis-a-vis the corruption reports. "If, at the highest level, we are watchful, zealous, and careful to cope with any irregularity, this will not spread," Sanguinetti noted.

Venezuela

Caldera Delivers New Year's Message

PA0201161896 Caracas Radio and Television Networks in Spanish 2157 GMT 1 Jan 96

[New Year's message by President Rafael Caldera from the Miraflores Palace in Caracas — live]

[FBIS Translated Text] Venezuelan people: With a fraternal spirit of solidarity and faithful devotion to the fatherland, I send a warm New Year's greetings to all the inhabitants of Venezuela, adults, elderly, youngsters, and children, born in the national territory or those who have come from other countries to share our everyday life.

I cordially greet civilian and military authorities, dignitaries from the Catholic Church and other religious denominations established in the country; representatives of civilian, business, labor, cultural, and scientific institutions and corporations; political parties; associations of neighbors and nongovernmental organizations. In sum, I greet all those who share with us the privilege of living in this land of grace.

I see you all as a uniform group of desires that must form one single and fundamental purpose: To strengthen the national greatness and work for the collective happiness. The new year begins with promising signals. The elections to elect state governors, mayors, legislative assemblies, councils, and parish boards — even recognizing the objections that may be made from different perspectives — constituted an affirmative step in the process of our democratic institutionality. It is not useless to repeat what has been said so many times: The errors of democracies can only be corrected by the very democracy.

I cannot ignore the concern that the low voter turnout causes among us all. This phenomenon repeated itself in the 1989, 1992, and 1995 regional elections. But it must be noted that half of the registered voters cast their votes. Regarding the other half, their existence represents an attractive invitation for new human values, new ideas, and new political organizations to incorporate new figures into the clarifying debate. This process was carried out amid normalcy, without the alleged public order disturbances that some people announced.

A very significant and encouraging event has recently taken place, and I can but mention it. All of the 22 governors-elect, without exception, have come to Miraflores Palace, not only as a gesture of courtesy — for which I thank them — but to express their desire to carry out a work in coordination with the national executive, so as to resolve the great problems of the communities over which they will govern. Each of them, of course, promises to meet the needs and aspirations of their states, hoping that the central government can contribute its part to meeting the same. We are determined to cooperate in this regard. In addition, our response in terms of time and size will depend on the availability of resources.

But the most important thing is that they have explicitly stated their commitment to contributing their energy and seek joint solutions with the national government. Each branch of government, in its different levels, has its own powers and specific responsibilities, but the commitment is to work together for the good of those who elected us.

The people are one and undivided, the sole sovereign in the country's complex plan. The government is undivided, in spite of its different branches. The problems we face are so pressing that they demand the undivided attention of all of us public servants. Scattering our efforts would lead to insufficient and ineffective initiatives in our attempt to solve the problems. The fact that the available resources are too limited compared to the scope of the work to be done should represent a stronger commitment for us — the people responsible for optimizing resources and reaching harmonious solutions. This principle will guide our conduct and will also guide — we hope — the conduct of the regional executives.

According to Constitutional Articles No. 21 and 23, the regional executives are agents of the national executive in their respective areas, and they must observe and

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make others observe the orders and resolutions issued by the national executive. Thus, the relations between Miraflores Palace and the respective states are off to a good start. The decentralization process will be implemented decisively; it will be well-programmed, well-executed, and well- managed. The national government will exercise, through the national officials, its specific powers, while the regional and municipal officials will exercise their own powers. All government officials will march in a coordinated and united manner. The motherland is one, and national unity is an ineludible imperative. The fact that this is being acknowledged unambiguously and is being proclaimed by the government heads in the various jurisdictions should generate hope in all Venezuelans nationwide.

I have announced a convention of governors for the last week of January. I am convinced that this event will have profound national significance. This meeting will not be nor can it be a negative show of rhetorical confrontation that does not yield any benefit for the communities. The result of this convention will be the presentation of a coordinated national program to tackle the major problems being faced by the country. For instance, the problem of the security of citizens ranks among the top priorities. We have undertaken countless efforts to prevent and control crime, and our statistics demonstrate some improvement. However, the in-depth campaign against this social scourge would be incompatible with the disintegration of public order and the security services, which must work jointly to overcome the enemy.

In the most recent electoral campaign, most of the candidates emphasized this pressing problem. It is crucial to establish the guidelines and demands of the anticrime campaign at the national level. The transfer of the detention units, reformatories, prisons, and the training establishments of the INAN [not further identified] constitutes another leading objective on our agenda.

Actions to reduce poverty and alleviate the burden of the high cost of living; the unified economic programs; all of the other programs to help serve the population; and the proper operation of the basic services require an integral effort. We are determined to solve the problem of providing housing for the poor — whose deficit is alarming — through various programs. We believe solving this problem is indispensable for fostering a normal family life, maintaining a healthy environment, generating jobs, and revitalizing the economy.

This is one of the most important aspects to achieve what we might refer to as the factor to multiply [suma multiplicadora] the powers assigned to the different government branches in coordination with the pertaining private and civilian sectors.

The following aspects are among the list of priorities of the Venezuelan people and, as such, they constitute a compelling duty for all government branches: Urban, intercity, and rural roads; education — a cornerstone to conquer the future; the training and improvement of teachers; preferential attention to preschool and primary school education; improvement of school buildings and libraries, among other things — health services, which have been allocated numerous resources, but have not performed commensurately; the agro-industrial development; the fight against unemployment; the promotion of small- and midsized businesses; the development of the tourism sector, which has registered a strong growth and represents a promising source of income; the intensive promotion and determined protection of sports; the protection of culture and its dissemination among the lower class; the defense and improvement of the environment; the compelling fight, in all aspects, against corruption; the strengthening of the national identity, as well as the regional and local identities of each individual.

Those issues have been given priority by all government sectors, because it is their binding duty to do so.

I have faith in constructive dialogue. Its success depends on the sincere will to further understanding. I insist: I sincerely believe in dialogue and will strive, on behalf of the government, to make 1996 the year of constructive dialogue. Just as we initiated an auspicious dialogue with the governors, which we aim to extend to municipal mayors immediately, we have the firm purpose of furthering dialogue with other public and civilian sectors. We will further a dialogue without much brouhaha and self-defeating spectacles. A dialogue that is to move only in one direction: toward the attainment of the solutions that the country needs and demands to get ahead.

We need to reach an agreement between the legislative branch and the government to be able to adopt measures that will give firm bases to our efforts to achieve economic stabilization and recovery.

The summoning of congress to special sessions, which are scheduled to be held shortly, will give us an opportunity to reach a solidarity agreement with the national community. The honest agreement that will result, which we truly hope to achieve, will establish a fund to save the debt, reform public administration, reform the budget and fiscal expenditures, broaden participative democracy, and reorganize and modernize the administration of justice and the electoral system.

Venezuela has the necessary resources to reactivate its economy. It is stimulating to know that after two years

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with a negative growth rate, the gross national produce has shown a positive rate. The increase occurred not only in the oil sector but also, although to a lesser degree, in other sectors of the economy. We are also pleased because our inflation rate decreased somewhat. The total inflation rate, according to the Central Bank of Venezuela figures, was closer to the forecasts made by official spokesmen than to the pessimistic predictions of alleged economic experts.

We are not at all satisfied with the unemployment rate, but are relieved to note that the data obtained in the domestic poll, which has always been the most trustworthy source of statistics in Venezuela, places us quite under the percentage reported by other countries, whose economies are usually presented as models to be imitated.

Among the most important events in 1995 was the recovery of the financial system. The 1994 banking system crisis was so serious that its consequences will be felt for a long period of time. In Chile, banks still owe the Central Bank $5 billion as a result of the financial crisis that occurred in 1982 during the Pinochet government. The fact that many people ignore or don't place much importance on our banking crisis in the economic analyses they conduct reveals how the country has largely managed to overcome it.

We need to reduce the fiscal deficit. We are willing to do everything necessary to achieve this. To this end, it is indispensable that the executive and legislative branches work together. We are making a decisive effort to stop tax evasion, and our accomplishments have been unanimously recognized. We are determined to advance along this path to attain satisfactory collection levels. But we must also create other taxes that affect basically those who are in a better position to withstand the same.

It is never satisfactory to create or increase taxes. It is easier to say that no new taxes will be established. However, the need to have more revenues is a key factor. It is important to remember that tax pressure in Venezuela is still approximately 9 percent of the gross domestic product, way below the level that exists in countries with the same economic level as Venezuela and, of course, way below the level in developing countries, where it is much higher.

For reference purposes, we can say that tax pressure in Argentina is 11.1 percent; in Brazil 24.7 percent; in Chile 19 percent; in Colombia 13.3 percent. Regarding Spain and Portugal, it is 20 and 17 percent, respectively. We don't want to defend our 9-percent tax pressure at any rate, but it is undoubtedly an indicator that alleviates our situation.

To move the economy onto a positive course, greatly fulfilling the stabilization of the financial system, the Venezuela Agenda outlines a clear way for the year that is beginning. I must stress that the devaluation of the currency was not undertaken for fiscal reasons. Obviously, if it is in fact true that it produces more bolivares for the state treasury, it also increases the amount of our commitments stated in foreign currency. The healthy orientation of the government regarding foreign exchange is demonstrated by the fact we maintained the exchange rate unchanged for more than one year, until the internal economic equilibrium and international commercial relations prompted us to implement the new rate. We maintain the conviction that the stability of the national currency is the permanent objective of a healthy economy, and we will spare no effort to achieve this end.

Joint ventures in the oil sector have been viewed inside and outside of the country as an extraordinarily positive sign. The response from investors has been more than favorable. In this regard, we should also mention that the upcoming establishment of the Venezuelan Investment Fund will be a real step in the democratization of capital in the sector of hydrocarbons. This will give Venezuelans the opportunity to obtain shares of stock in the joint venture projects undertaken by PDVSA [Venezuelan Petroleum Inc.] affiliates. Steps will also be taken to allow a greater participation of the private sector in the domestic market of hydrocarbon byproducts and the opening of the petrochemical sector to national and international private capitals is being studied.

The privatization process will continue. The privatization of aluminum and iron and steel companies in Guayana is already under way. The privatization of Banco Venezuela and Banco Consolidado will be announced in the next few days. The sale of the assets given to Fogade [Deposit Guarantee and Banking Protection Fund] by the banks placed under state control is on the right track, as evidenced by the Venezuelan investors' purchase of the El Cedral and Mostrenco cattle farms.

The process for building projects under the concession system has begun in full, after the completion of the complex and arduous studies it requires. The okay has been given to the new Caracas-La Guaira highway system, and in the next few months announcements will be posted for the construction of new projects.

Regarding the aforementioned concession for the Caracas-La Guaira Highway, I must say emphatically that this concession was awarded in an independent manner by the special commission I designated. This commission consists of highly skilled and honorable

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professionals. The Presidency of the Republic and the corresponding ministry did not get involved in the deliberations of the commission, and its decision was accepted without modification. I am sure that conscientious Venezuelans share the high level of confidence commission members deserve.

The responsibility of the government and the appropriateness of the Venezuela Agenda have had an effect internationally. The sale of Venezuelan debt bonds in the German market has favorably impressed observers. They have begun to understand our demanding task to put the house in order. The task of reconstruction has been undertaken with energy but with the care we must have because its occupants are inside. The social, political, and economic reconstruction is not a stark reality. The human side of it is fundamental.

The conversations with the IMF, the World Bank, and the Inter-American Development Bank [IDB] have been conducted in an atmosphere of responsibility and sincerity, without patriotic shows, but with the dignity that our condition as a sovereign nation demands. The Venezuela Agenda has been taken as the basis for the negotiations. In addition, my government's concern for social issues has been an important element in the conversations. We are optimistic about the conclusion of this dialogue, undertaken with the resolve to strengthen our external image and bolster the path toward the stabilization and reactivation of our economy. The decisions that must be made will be adopted, in keeping with the best interests of Venezuela and the Venezuelan people.

We are convinced of the need to stimulate production and employment. The ongoing projects are comforting. The Venezuelan Guayana Corporation [CVG], through its continuing projects, provided a conservative estimate indicating it will create more than 16,400 direct jobs this year alone in new investments, mostly foreign investments.

In an effort to bolster production and employment and with the spirit of dialogue we have maintained with the different areas of the private sector, we have moved forward long conversations with representatives of the business and labor sector as well experts on the issue of social benefits. Businessmen have stated for years that the existing legal system causes, under the current situation, different inconveniences increasing businesses' liabilities and preventing the possibility of a salary hike workers rightfully aspire to get. For their part, workers defend the benefits obtained through the years and demand that their rights be recognized. A proposal emerged from the talks involving the creation of incentives to stimulate workers to freely select a different system, as part of the provisions of Article 128 of the Basic Labor Law. This will result in a considerable increase in workers' salaries and the possibility of improving substantially social security, correcting existing deficiencies, and encouraging the creation of pension funds. These funds will benefit workers and the national economy. I can affirm that there is clear consensus which permits us to predict a definitive solution very soon.

On the other hand, we reaffirm the decided purpose to intensify all work education programs, which are being carried out with positive and promising results. We also reaffirm our intention to encourage small businesses, a source of employment and production.

We propose to link this activity by way of the economic solidarity program with the social objectives of fighting poverty and increasing our people's standards of living, as we will never tire of stressing that human beings are our government's leading concern.

Coopercentro, the supply center of the economic solidarity program, which bears the names of Aristides and Adelita Calvani, has achieved a reduction of almost 40 percent in the price of agricultural foodstuffs in its first phase; this measure has benefited almost 30,000 families and is the best example of how to improve families' purchasing power without government assistance. Coopercentro constitutes a model we are planning to replicate. The reduction in the price of medicines and pharmacies is also part of the social program fully under way. The program to set up facilities in low income neighborhoods is being implemented with determination. Regarding the food assistance program, which is a temporary measure, we are determined to turn it into a fundamental instrument to implement the educational changes the country requires.

I should not overwhelm my audience with figures in this new year's address, but I cannot overlook the fact that nonoil exports amounted to $5 billion of the significant total of $18 billion Venezuela earned in exports in 1995. Concerning these nonoil exports, Colombia has become our No. 1 customer, while Brazil is rapidly increasing its commercial exchange with Venezuela. Venezuela's relations with these two neighbors, within the cordial framework characterizing our international activities as a whole, have been characterized by the joint action of the government and private sectors to increase the exchange within the framework of an open friendship, as should be the case between brotherly nations, and a reciprocal determination to constructively resolve the situations that often emerge between neighbors that have extensive, common borders.

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The daily existence of pressing needs and inevitable short-term obligations does not divert our attention from our major national objectives. The significance of our policy of opening in the oil and petrochemical sectors and the promotion of Orimulsion in several countries and continents does not lie in their immediate benefits but, rather, in the need to prepare Venezuela for the great demand of energy and the expansion of the oil and gas markets and their byproducts, which is expected to begin in the first years of the 21st century. Similarly, the significance of our Prodesur [expansion unknown] program does not lie in its immediate objectives as much as it does in its permanent objectives for the country's future.

Border issues and issues linked to South America's sustainable development have attracted the permanent and growing attention of my administration. All of the interest we have placed in those issues stems from the conviction that this is the most important project for the future of Venezuela, the country of our children and the children of our children. Today's struggle is demanding, arduous, and unpostponable, but the struggle for our future development demands that we prepare, as of now, the ground on which we will build a great, powerful, and radiant Venezuela. This is why my administration has dealt with on a priority basis all issues pertaining to our youths. The legitimate pride we experience over the success of our youths in such areas as sports, music, science, and arts encourages them to overcome the shortcomings and deficiencies of the preceding generations.

The great British leader was quite right in presenting to his compatriots the situation as it was in order to demand the heroic effort such a situation required. England was struggling for its survival and paid dearly with the holocaust of many human lives and with pain, but there was no time for suffering, no time to wipe away the endless tears, but I cannot offer my people blood and tears. I am involved in a hard struggle so that there will be no more bloodshed; the blood of too many Venezuelans, young blood, blood of those who were full of promises, has been shed throughout our history, without any justification, except for the main period of the struggle for our independence.

I do not want more mothers to shed tears. I do not want us to wind up in a tragedy because of our blindness, because then, words of consolation and pious actions to cure the wounds of widows and orphans will be worthless. I would rather say, as John Paul II said today on the occasion of the day of peace, we must wish children a future of peace. I repeat: I do not want to offer my people blood and tears, but I offer them sweat, the creative kind of sweat the Creator imposed on man to earn his daily bread as a penance for his original sin. I offer sweat to work, to produce, to move the country forward.

I have devoted a considerable time to work in my long life of struggles. I believe in it as the most significant aspect in the life of men. I believe in work as the essential factor for the progress and happiness of a country. I have been and am a permanent defender of workers rights. I have demanded and am demanding to place the interests of the national community above the interests of certain groups. I have defended and am defending the motivation and reward for an effective work, and I reject the distortions the unions' demagoguery brings forth.

I am requesting encouragement to work, recognition for creative work not only for the work of workers and employees but also for the work of businessmen, professionals, scientists, researchers. From the trilogy of the illustrious Churchill, what Venezuela needs is to sweat the sweat of a renovating initiative, the sweat of constant efforts. I am offering it to you and am asking it from Venezuelans and the cooperative foreigners in the search for a better country.

We need to sweat to produce. We need production, and the basic key is on us. To accomplish this goal, we need to believe only in Venezuela, to love Venezuela, and to prepare ourselves to give Venezuela our share of sacrifice and our irrevocable determination to overcome the obstacles we find in its path. The Creator has given us a generous nature. Let us repay him by giving this nature the love it needs to guarantee a better life. We need to succeed, and we will succeed by devoting ourselves to work. Thank you. [applause]

Cabinet Approves Measure To Increase Foreign Investment

PA3112144195 Caracas Venezolana de Television Network in Spanish 0200 GMT 28 Dec 95

[From "The News" newscast]

[FBIS Translated Text] The Council of Ministers has approved a measure to encourage foreign investment as part of the process to make the exchange regulations more flexible.

Central Information Office Director Fernando Egana made the announcement. He explained that the measure stipulates that all corporations constituted in Venezuela, at present or in the future, as investing corporations will be able to open banking accounts abroad and make deposits in foreign currency.

[Begin Egana recording] This measure is aimed at broadening a system which was already implemented

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at the oil companies to include investors from other sectors of the national economy and facilitate the flow of investment into the country. [end recording]

On the other hand, the Council of Ministers approved the budget of the Deposit Guarantee and Banking Protection Fund for 2,419,285,000,000 bolivares. Furthermore, it approved six decrees to issue national debt bonds that will be allocated to the Transport and Communications Ministry's program for the refurbishing of highways and roads.

Finance Minister Comments on Economic Issues

PA2912150395 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Dec 95

[Report by Beatriz Hernandez; from "The News"]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar said that President Rafael Caldera has the exclusive power to decide whether to once again increase gasoline prices next year. This also holds true for salaries. The finance minister took advantage of his meeting with the press to say that contrary to forecasts, our country was able to honor its outstanding international debt payments because Brady Bond obligations were canceled. According to Minister Matos Azocar, 1996 will bring forth production incentives.

[Begin recording] [Matos] This year, which was a difficult one, opens now the path to drastically reduce the fiscal deficit — an annoying obligation all year round — after putting our house in order. A first step was taken in this direction with the adjustment to the exchange rate. We will also have certain incentives in the productive apparatus, which will ensure that 1996 will be a year of transition toward positive economic growth.

[Hernandez] [Words indistinct]

[Matos] We also expect a positive economic growth. [end recording]

Talks with the International Monetary Fund will continue as soon as the December festivities are over. However, the finance minister expects parliament to quickly approve the debt rescue fund to help beat the crisis that is affecting us.

Finance Minister Luis Raul Matos Azocar, just before departing from the Miraflores Presidential Palace, said that the only thing pending is an international obligation with the Paris Club, but is not a priority for the Venezuelan state because of existing bilateral agreements.

Cordiplan Minister Comments on 1995 Budget Deficit

PA2912155795 Caracas EL NACIONAL in Spanish 26 Dec 95 p D8

[Report by Werther Sandoval]

[FBIS Translated Text] Edgar Paredes Pizzani, head of the Ministry of Coordination and Planning (Cordiplan), has said that the 1995 budget deficit was basically due to the losses generated by open market operations (the placement of Monetary Stabilization Bonds, TEM) conducted by the BCV [Central Bank of Venezuela], an increase in foreign debt payments, and transfers made to decentralized organizations.

Paredes Pizzani stressed that the increase in government spending compared to revenues took place in spite of the fact that the real average price registered for the barrel of exported crude rose to $14.7, in contrast with the price estimated in the budget law of $13.5 per barrel.

In his year-end address, Paredes Pizzani pointed out that the 2.2-percent growth registered in 1995 constitutes a major indication of the economic recovery, considering that the economic growth registered in 1994 was -4.5 percent.

This growth rate is the result of the positive trend followed by oil activities, which rose 6 percent, whereas nonoil activities only grew by 0.8 percent.

In his analysis of GDP growth, he stressed that private productive activities grew 0.4 percent in 1995 compared to -5.7 percent the previous year; electricity went up 2.6 percent, agriculture, 5.1 percent, and transportation and communications, 5.3 percent.

However, the unemployment rate climbed to 10.7 percent of the economically active population, up from the 10.3 percent registered in the first half of 1995.

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